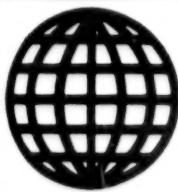


JPRS-EER-89-107  
22 SEPTEMBER 1989



**FOREIGN  
BROADCAST  
INFORMATION  
SERVICE**

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# ***JPRS Report***

## **East Europe**

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# East Europe

JPRS-EER-89-107

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## HUNGARY

### Communist Control of Media Challenged

#### Opposition Press Asserts Itself

25000381b Budapest NEPSZABADSAG in Hungarian  
22 Jul 89 p 4

[Excerpts] There should have been only one main topic of discussion at yesterday's press conference convened by [Hungarian Television] chairman Gyula Bereczky. Some rumors began to spread in regard to Channel 2 program director Janos Horvat's recent resignation. The press conference should have clarified the real reasons for resignation; succession and future plans should have been discussed.

Although the discussion about Horvat's resignation itself surprised the audience several times, some of the questions pertained to the other important problem: In preparing for the elections, how will television ensure that political forces engaged in the struggle will be shown and that the information concerning these forces is broadcast? [passage omitted]

A statement was made to the effect that that the management of [Hungarian] television successfully negotiated with representatives of the Opposition Roundtable concerning the manner in which they could share the publicity provided by television. Similar negotiations were initiated also with artistic and nationalities federations. An election office will soon be established in the institution. Once again, [in addition to heading Channel 2] Gyorgy Baló was asked to head that office. The office will coordinate political programs related to the election, and will oversee that participating political forces receive equal chances.

In response to a question by the periodical KAPU's representative—Why are only Hungarian Socialist Workers Party [MSZMP] members are part of the TV leadership, whereas (in his view) the national character of television would demand that a multitude of political opinions are reflected?—the chairman first said that one of the current office holders, or more precisely, a person who has been offered the program director's position, is not a party member, and that aside from that, in the chairman's view, the national character of television is determined by the programs it broadcasts. At the same

time the chairman rejected the notion that was implicit in the question, namely that the institution cannot have a national character as long as it operates under communist management. [passage omitted]

#### New Media Leadership Demanded

25000381b Budapest HETI VILÁGGAZDASAG  
in Hungarian 15 Jul 89 pp 66-68

[Article by Richard Hirschler: "Openness Panorama: 'Burosaurs'"]

[Text] How should societal control over the radio, Hungarian Television [MTV] and the Hungarian Telegraph Agency [MTI] be established during the transitional period that lasts until free, democratic elections are held? The MSZMP, the Opposition Roundtable, and representatives of the "third side" intend to discuss this topic in Committee No 5 of the so-called National Roundtable. The committee convened for its first substantive discussion at press time, last Monday. This article will summarize primarily the demands advanced by the opposition, as well as certain new phenomena which emerged in the press structure.

Sociologist Endre Hann expressed his view that present leaders heading the institutions of mass communication must leave their posts, but under no circumstances should people appointed by the top take their places. Hann represents the League of Independent Trade Unions, and made his statement before the No 5 committee began its work. "The profession should liberate itself," he said, meaning that employees of MTV, the MTI, and the radio should initiate the democratic renewal of their respective institutions, while drawing the necessary personal consequences at the same time. Hann added. [In response] the MSZMP [representative] added that it is not worth doing so prior to the enactment of the law on information.

In the framework of a single-party system it is self-evident of course that national mass communication institutions—radio, MTV, MTI, and the daily national newspapers as well as the county newspapers owned by the MSZMP—are headed by "tested warriors of the party," the people of the nomenclature. Nevertheless these people may impede the accelerated democratic transformation, because their loyalties are tied to an old, perhaps indeed vanishing world. "Exchanging" these people however, is no substitute for societal control over news editing and programming policies.

## 'The Nation's Communicators'

Institution (function)	Name (age)	Year of Appointment	Career (assignments, years)
Hungarian Television (chairman)	Gyula Bereczky (54)	1987	Pecs Mines, mining plant (plant engineer, 1955-1957); Hungarian Radio (technician, reporter, editor, deputy editor in chief 1957-1982); MSZMP Central Committee [CC] (subdivision head, deputy division chief, 1982-1987)
Hungarian Radio (chairman)	Istvan Hajdu (43)	1988	Technical University of Budapest (associate, division head, 1969-1979); MSZMP CC associate, subdivision head, 1979-1985); MSZMP Budapest 9th district party committee (first secretary, 1985); MSZMP Budapest party committee (secretary, 1985-1989)
Hungarian Telegraph Agency (president)	Tamas Palos (55)	1989	MTI (apprentice journalist, editor, Warsaw reporter, 1953-1963); MSZMP CC (associate subdivision head, deputy division chief 1963-1982); MTI (deputy president, 1982-1989)

The main question is this: To whom do the three "national institutions" belong? In the MSZMP position the national institutions of mass communications are the property of the nation, and that therefore, direction of those institutions is the job of the government, veils an odd contradiction in the age of transition. But the job belongs to a government which even today, even in terms of its leading personalities, is inseparably intertwined with the upper leadership of the MSZMP. The opposition voices the idea that mass communications must be neutral in terms of parties, and in its view that calls for the establishment of a controlling body representing the most diverse groups in society. Representatives of parties, movements, the technical organizations of mass communication institutions, the government. Quite naturally of the viewers would find a place in this body.

With improvements in organizational and personal conditions it would be easier to reach agreements in regard to programming policy proposals advanced by the opposition. There would be a need, for example, for a regular television program which informs citizens about a variety of issues, about the debates and topics dealt with by the so-called national roundtable, and about disagreements which emerge at the roundtable. Similarly, the presentation of parties and movements participating in the elections, election struggles waged in democratic countries, and electoral techniques also demand regular news coverage. As Imre Kerenyi, a member of the television committee attached to the No 5 committee said: "After 44 years citizens must be taught once again how to participate in elections, and television could play an outstanding role in accomplishing this."

The larger opportunities available to the MSZMP manifest themselves not only in the fact that the leaders of organs that function in the "traditional," i.e. single-party system were appointed by the party. For example, the financial opportunities of MSZMP newspapers are also greater: Newspapers published in 10,000 to 15,000

copies cannot be produced at a per issue cost of 4.30 forints, the current price of some county newspapers owned by the MSZMP. True, as Jozsef Ballai states in his report from Kecskemet to HETI VILAGGAZDASAG, the rigid structure of the press in the countryside has begun to dissolve during the past year; in many places there are alternative to the official line. Nevertheless, actual openness can be seen from the number of issues printed, the frequency of editions, the manner in which people became accustomed [to reading a certain paper], and of course, the low price of these newspapers. These papers reach most of the readers. In Bacs-Kiskun County for instance, the "official" PETOFI NEPE is published in 55,799 copies in the average, the number of NEPSZ-ABADSAG issues published is more than 15,000, and the first issue of the BACSKAPOCS weekly established not too long ago was printed in 12,000 copies in July.

According to our Kecskemet reporter, for the time being it would be impossible to tell what the future holds. Will the new parties start new newspapers if they develop their national networks? If so, is there going to be a large enough paper supply? Will today's official county newspapers remain under MSZMP control, or will popular representative bodies take over these newspapers? In general: Will there still be counties?

For now, it seems that the MSZMP is trying to strengthen its mass communication position in the counties. For example, the Tatabanya Opposition Roundtable the other day protested the fact the WORKERS NEWSPAPER, Komarom County's sole daily newspaper heretofore owned jointly by the council and the party, became the exclusive property of the MSZMP. This was accomplished quietly, in the absence of any particular announcement. (The masthead no longer indicates the county as an owner, only the MSZMP is shown as the owner.) Similarly the Debrecen Opposition Roundtable registered its protest stating that "The democratic opposition in the county does not have its own

mass communication system. The existing media serve the purposes of the MSZMP virtually on an exclusive basis, they function as the power mechanism of the MSZMP." Therefore the Opposition Roundtable of Debrecen intends to negotiate with the county and city party committees about the county and local press operated by the MSZMP, primarily the HAJDU-BIHARI NAPLO; it should make timely uncensored announcements concerning positions taken by opposition organizations, present materials submitted for publication by the opposition, and Debrecen radio and the city television should grant air time to organizations comprising the Opposition Roundtable. This agreement should be in force until the National Roundtable reaches an agreement concerning the press.

At press time it was not known how the two county party committees reacted to the proclamations. In Baranya county, however, the MSZMP took action: At its last session the party committee decided to "put an end to the practice of managing the press." Monthly meetings of editors in chief headed by the party committee's secretary in charge of ideology will be discontinued; "consultative" meetings will take their place. We may add here: just like the MSZMP CC. Only the name of the so-called conference of editors in chief remains the same, so they say in Baranya, but now these amount to "friendly conversations." With selected "friends" of course, which is far from holding a free press conference.

Incidentally, the first sign of the Baranya "opening" is that the statement: "The Daily Newspaper of the Baranya County Party Committee" will disappear from the masthead of the 90,000-copy DUNANTULI NAPLO daily newspaper. They are also removing the slogan "Proletarians of the World Unite" from the front page of the newspaper. In its place the discrete phrase "Political Daily" will be placed, and the reader will gather only from impressions to whom the paper belongs: to the MSZMP.

### **Camouflaged Communist Unveiled**

25000381b Budapest HETI VILAGGAZDASAG in  
Hungarian 15 Jul 89 p 67

[Interview with Tamas Szego, executive secretary of the National Association of Hungarian Journalists, and with Association Chairman Gyorgy Balo: "Tamas Szego, Resident Of Budapest"; date and place not given]

[Text] Tamas Szego, the executive secretary of the National Association of Hungarian Journalists [MUOSZ] does not represent his own organization in the trilateral political negotiations. Instead he represents the MSZMP. How can he reconcile his function of being the executive secretary of the MUOSZ which proclaims itself to be independent, with his representation of the MSZMP? We raised these questions with Szego, and with MUOSZ chairman Gyorgy Balo [also the newly named program director of MTV Channel 2].

[HETI VILAGGAZDASAG (HVG)] What makes the MUOSZ independent, as long as one of its chief functionaries represents the MSZMP?

[Szego] I am participating in the trilateral negotiations not in my capacity as the executive secretary of the MUOSZ, but as Tamas Szego, resident of Budapest, a member of the MSZMP, and an expert in communications law. Incidentally, this same question was raised also at the MUOSZ presidium session, moreover perhaps I should decline participating in the trilateral negotiations. In my view, however, this should be my own private affair. And that's where we stand. Quite naturally, in the course of the negotiations I will represent the interests of my colleagues.

[HVG] Along with your representation of the MSZMP, it comes at least as an equal surprise that the MUOSZ is not participating in a committee dealing with the provision of information.

[Szego] The same organizations are represented in the political working committees, which are participating in the national trilateral negotiations. As a professional organization, however, the MUOSZ is interested only in the activities of the above-mentioned working committee which deals with the provision of information. It is for this reason that I did not announce an interest to be a part of the "third side." In this way, however, the MUOSZ cannot be present in the information committee either.

[HVG] Where would you sit, in the event that the MUOSZ later decided to participate in the trilateral negotiations?

[Szego] Quite naturally, in that case I would have to decline participation in the MSZMP delegation.

[HVG to Balo] What is your view of the dual commitment of the executive secretary?

[Balo] I announced at the meeting of the MUOSZ presidium that I find it unacceptable that the executive secretary of the MUOSZ should take part on either of the two sides of the negotiations. In response Tamas Szego said that he would not resign his membership in the MSZMP delegation even if the presidium were to ask him to do so. In the end we requested him to state at the first opportune moment at the trilateral negotiations that he does not represent either the MUOSZ or its presidium.

[HVG] You did not give him a choice, such as: It's either the position of the MUOSZ executive secretary, or representing the MSZMP?

[Balo] No, we did not.

[HVG] Why did not the MUOSZ itself announce an interest in the trilateral negotiations?



[Balo] It does not work on the basis of signing up for participation. The MUOSZ was not invited. Incidentally, I believe that the series of trilateral negotiations will be unable to render decisions which fundamentally influence openness in Hungary, in the absence of representatives of the profession. Representatives of the profession should not take one side or another, their views should be heard by all three sides.

### Secrecy of Statistical Data Criticized

25000391 Budapest HETI VILAGGAZDASAG in Hungarian 5 Aug 89 pp 70-71

[Article by Gyorgy Sandor: "The Openness of Statistical Data: The Secret Passion to Collect"]

[Text] The press, which is freer than before cannot take advantage of its available opportunities, as long as the sources of information provide information only rarely, or only in a filtered form. Statistical data plays a prominent role in this regard. At a time when power-sharing is on the agenda, information, one of the most important tools of power cannot be monopolized, either. In these days, however, one has difficulty in finding out what constitutes a secret, because even that information is kept secret.

The recent announcement by the government according to which alternative organizations would have full access to all data accumulated by the Central Statistical Office [KSH] drew public attention to the openness of statistical data which, within a societal openness, is already at the forefront of attention. No separate legal provisions require the openness of statistical data, but the subject is dealt with in Law No 5 of 1973 concerning statistical data, Decree No 5 of 1987 concerning state secrets and service secrets, and related implementing orders and internal instructions, as well as to some extent KSH organizational and operating rules.

In reading the law pertaining to statistical data one finds that everything seems to be in good order, because in listing the purposes of gathering statistics the task of informing the public is also included. The legislative intent that accompanied the law is more revealing, however. It turns out that the purpose of statistics is to enhance socialist construction and planned economic management. In a manner different from the wording of the law, the legislative intent includes the obligation to inform party organs—meaning the Hungarian Socialist Workers Party [MSZMP]—even before listing state organs, which also must be informed.

The law attempts to limit data collection by requiring that in order to gather data, other organizations must receive permission from the KSH, and it expressly prohibits the parallel gathering of data. Nevertheless the primacy of state interest is beyond doubt: Information should be and must be collected if needed for planning and direction, and this has no established limits. Incidentally, in principle, state management organs are obligated to coordinate their data provision with the KSH,

both with respect to content and methodology. In practice, however, the KSH has no power to enforce this requirement. Higher organs of state administration, such as the Ministry of Finance and the Hungarian National Bank are able to act independently from these requirements. Having no better choice, the KSH presents data received from these organizations, which follow a different logic from the standpoint of both content and methodology, and which present impossible tasks to analysts at subsequent stages, by indicating the source, while also disclaiming responsibility, of course. For this reason, several tables in the Statistical Yearbook chapter containing financial data reference the above-mentioned institutions as the source.

In a manner similar to many other, somewhat ideological legal provisions, the law on statistical data does not provide for who controls or sanctions the implementation of obligations established by the KSH. The activities of the KSH, the efficiency of statistics, and the expenses incurred centrally or by the data provider are not checked too often.

The decree concerning state secrets presents even greater problems. It states that a state secret is constituted by data "... [the disclosure of] which threatens the security of the Hungarian People's Republic or of other important political, economic or defense interests.(...)" According to the law, the following people or organizations are authorized to determine the scope of secret information: In addition to the highest level state leaders, the head of every ministry, every organ having a national scope, social organization, and national interest groups of cooperatives. In addition, all such data pertaining to the the organizations cited above "which violate the interests of a given organization if conveyed to an unauthorized person" constitutes a service secret. Quite "naturally," the scope of such secrets is defined by the organs in question. Quite obviously, if some kind of data was declared a state secret by an organ, the KSH must also handle it as a state secret. Thus, not even the scope of secret information can be ascertained, because the summary listing of this is forwarded by the Ministry of the Interior directly to the "concerned parties," pursuant to orders in force. On the other hand, in the Ministry of the Interior's view, public opinion is not a "concerned party."

From this standpoint then, the promise given by the government to the alternative organizations is rather devoid of content. Namely, the KSH may proceed only within the "legal" framework, which means that it can provide to alternative organizations only that information which is otherwise public, and other information which the organ that classified the information has released. The same applies to a piece of information provided by the newly appointed president of the KSH, Janos Hoos, in an interview with MAGYAR HIRLAP in which he provided some advance information for Parliament. Secret information stored within the computerized information system to be established in Parliament will be accessible only to those who possess authorized

access. Without such access the STADAT system in question may improve the information available to Parliament, but not the content of the information.

Although the decree concerning state and service secrets sets down who should classify information and how, who should verify and control such classification and how, and what sanctions failure to comply with these requirements should carry, but the decree, or any other legal provision, does not lay down who should control the process, and what the penalties for superfluous, damaging or self-serving classification are. The legal provision authorizes the person who classifies certain information as secret to determine who is authorized to have access to such document. Aside from the persons who classify such matters, only the prosecutor in his official capacity may acquaint himself with the contents of secret documents in a proceeding. Representatives of parliament cannot. It is in this manner that a reverse situation between society, parliament, and the government may evolve, in which it is not society and parliament which define the obligations of the government, but instead it is the government which restricts society and parliament, and what is more, without any mechanism of control. In this manner the extreme situation may evolve, in which the Ministry of Finance classifies details of its report concerning the state budget as secret, or the Hungarian National Bank classifies data pertaining to the country's indebtedness as secrets.

The organizational and operational rules of the KSH require the workers of the KSH to observe these legal provisions, while maintaining contact with mass media is centralized according to the interest of the organization. On the one hand, the public affairs office of the KSH is responsible for providing mass information, while on the other, information is provided generally by the leader of a given field or profession.

In a manner similar to other areas of social activity, a unique monopolistic, and monolithic system operates in the framework of statistical data. At first glance this has some rational economic justification. This is what Janos Hoos referred to in the interview cited previously, when in regard to the alternative price index he noted that "it is not useful to have such expensive systems operate in parallel in a country." At the same time, history has proven countless times that in the final analysis expensive solutions may be cheaper, namely the seemingly lean budgetary centralization makes the apparatus complacent, and establishes conditions for abuse.

These circumstances stand in the way of the evolution of an independent corps of statisticians which in itself would represent continuous control over state statistical data by virtue of its profession and its linkage with other spheres of society. Thus far, the statistical division of the Hungarian Economic Society has been unable to fill this role, because it is closely linked to the KSH, one could say: it depends on the KSH. We could make ourselves believe that the Statisticians' Circle recently formed within the KSH would try to fill this void, but instead of

assuming the role of external, independent critics, it has chosen the method of internal criticism and recommendation.

For the time being the status quo prevails. The actors of the existing statistical system—superfluous decision-makers, or decisionmakers who can easily become superfluous, for whom information is prepared as well as the data collectors themselves—are interested in keeping alive data collection in an unchanged manner, because their existence depends on it. It is for this reason that following a number of "reexamination" campaigns of the data collection system, the system is more reminiscent of the information system of the centralized society of the 1950's, than of a modern statistical system.

The Informatics Subcommittee established by the Economic Reform Committee that works alongside the government can fulfill its mission—and can realize the development of a modern statistical system—only if it breaks through the bastion of power and secrecy that surrounds the statistical system, places statistics under genuine societal control, and at the same time reinforces its positions vis-a-vis other organs that reign over information.

#### **Government To Revise Laws on Refugees**

25000438 Budapest MAGYAR HIRLAP in Hungarian  
11 Aug 89 pp 1, 3

[Article by "(karcagi)": "Ministry of the Interior Press Conference: Beginning in October, We Will Administer Refugee Issues Consistent With the Geneva Convention"]

[Text] The preamble to the Geneva Convention on Refugees proclaims that "any state recognizing the social and humanitarian character of the refugee issue shall do its best to prevent the problem from becoming a cause of tension between states." We learned this from the Ministry of the Interior news release that was handed out to journalists at yesterday afternoon's press conference on refugees from the German Democratic Republic [GDR]. As a result of Hungary's joining the Convention on Refugees, Hungary also becomes obligated to comply with the requirements of the convention. This intent to avoid tension explains why Hungarian authorities—representatives of the office of foreign alien control, the border guards, and the office on refugees—worded their statements at the press conference so carefully, and why answers to questions posed by journalists were sometimes ambiguous. Because of this, and as a result of difficulties in translation, we witnessed some stormy scenes at the Ministry of the Interior international press conference.

First of all, there are contradictions between the requirements of the convention and Hungarian bilateral agreements with other states. For example, Section 8 of a 1969 agreement concerning the waiver of visas between the GDR and Hungary provides for the lifting of temporary residence permits issued to GDR citizens. According to

these provisions, the Hungarian authorities are required to inform the GDR diplomatic mission in Budapest, thus exposing returning GDR citizens to penalties consistent with GDR practice.

In his opening remarks, Karoly Nagy, head of the National Central Office for the Control of Foreigners [KEOKH], pointed out that Hungary's borders are inviolable, and that our laws must also be obeyed by citizens of other countries. Hungary is planning to modify its Criminal Code of Laws, so that beginning in January 1990 border crossing will not be a criminal act. It will qualify only as a violation of rules. In such cases Hungarian authorities will not endeavor to seek sanctions, but will issue warnings to foreigners not to violate laws. The colonel revealed that Hungarian practice is already more liberal. GDR citizens caught attempting to escape to Austria—if it is their first attempt at prohibited border crossing—receive only a warning, and the GDR embassy is not notified. During the first half of this year Hungarian authorities initiated 453 criminal proceedings against GDR citizens on charges of border violations. (According to estimates, some 1.5 million GDR tourists visit Hungary annually.) As we learned from the response to a question by a foreign colleague, between 100 and 150 persons may find themselves in Hungary illegally. (This number does not include persons staying at the Budapest FRG embassy hoping to receive exit permits.) In other words, this number includes people whose temporary residence permit received in the GDR has expired, or whose permit was invalidated by Hungarian authorities as a result of an attempted escape. At the same time, however, Hungarian authorities may use coercive measures—i.e. deportation—against foreigners if they have committed a criminal act, according to a response given by the head of KEOKH to a British Broadcasting Company [BBC] reporter. MAGYAR HIRLAP asked whether the difference between 453 and 100-150 means that some 300 persons received only warnings. Nagy responded by saying that the GDR embassy is aware of all criminal proceedings. He did not say, however, how many persons "got away" with just a warning. As indicated in our Thursday issue, the Hungarian Ministry of the Interior and the Foreign Ministry are mediating between representatives of the GDR and the FRG. As has now been revealed, the consultations still continue. Nagy pointed out that he was authorized by GDR organs to announce through this channel that persons staying at the FRG embassy, as citizens of the GDR staying in Hungary without permission, will not be subject to criminal sanctions in the GDR and will be able to apply for emigration, provided that they return to their country within a short period of time. MAGYAR HIRLAP raised another question pertaining to this issue: Are Hungarian authorities aware of the kinds of disadvantages suffered by persons applying for emigration? Applicants frequently lose their jobs, are forced to change residence, and then may wait under conditions of total uncertainty. In response, the head of KEOKH stated that they are aware of these circumstances and that beginning on 1 October they intend to proceed in

strict conformance with the Convention on Refugees. No one can be returned whose life or personal freedom is endangered. On the other hand, the KEOKH chief stressed that the matter of emigration is an internal affair of the GDR.

Thus far, no GDR citizens have petitioned Hungary for regular asylum, but some have requested that we permit continuation of their travel. In response to a question raised by an Associated Press [AP] reporter, it was revealed that less than 10 requests for asylum have been received by Hungarian authorities so far. This includes requests from one Czechoslovak, a person from the Carpathian Ukraine, and several citizens from African countries, (but does not include the 45 citizens of Somalia residing in Bicske).

A reporter from the EFE Spanish news agency asked why Hungarian authorities treat refugees arriving from Romania differently from refugees arriving from the GDR. Nagy emphasized that Hungary does not provide asylum to arrivals from Romania under the provisions of the Geneva Convention. This is a national issue, he said. (Subsequently Laszlo Albrecht, the deputy chief of the office on refugees, pointed out that even after the convention is in force, the authorities will treat refugees from Romania differently from the rest of the refugees.) He said that while in 1988 only 9 percent of the Romanian refugees had Romanian as their native tongue, and only 7 percent were of German origin, in recent months between 30 and 34 percent of the refugees have been of Romanian nationality. Regarding the forceful occupation of railroad cars by Romanians (and the intent to depart to Austria), the KEOKH chief said that "thus far our patience has been justified, but in the future they can expect us to revoke their opportunity to stay in Hungary and to force them to return to Romania."

At the briefing the professionals underscored the fact that they did consider it possible for the GDR citizens to leave Hungary. And in response to strongly worded, repeated questions as to just where the Hungarian authorities would enter their rubber stamp marks—into travel documents or on separate pieces of paper—the answer was not clear. Nagy said that stamp marks have been entered on separate pieces of paper before, and that in instances where this practice is warranted, they intend to continue it. Nagy pointed out, however, that sanctions imposed as a result of repeated border violations will be entered in passports.

Responding to a question, the KEOKH chief stated that the negotiating partners and the GDR representatives have equal jurisdiction. The GDR has not attempted to pressure Hungarian authorities in any way, and the negotiations continue to be characterized by the earlier constructive atmosphere. The colonel avoided characterizing the relationship between the two countries, saying that the government spokesman should be asked to do so.



The briefing stressed that according to the modified version of legal provisions applicable on the stay of foreigners in Hungary, foreigners will be able to obtain "immigration permits" beginning in 1990. However, the requirements of the Geneva Convention are very strict, and in reality only a very small proportion of persons seeking asylum will qualify as truly persecuted. The Ministry of the Interior news release presents this in a somewhat twisted way: Hungary "does not wish to become the exit conduit for citizens of East European countries who wish to leave the territory of the Hungarian People's Republic in a prohibited manner."

### Reform Circles Criticize Delegate Elections

#### Call on Party Organizations

25000370a Budapest NEPSZABADSAG in Hungarian  
19 Jul 89 p 5

[Unattributed article: "Budapest Reform Circles on Party Congress Delegate Selection: 15 September Should Be the New Deadline"]

[Text] Based on experience gained thus far in electing delegates to the Budapest Congress, the coordinating council of the Hungarian Socialist Workers Party [MSZMP] Budapest reform circles and reform basic organizations took the following position:

1. In a number of places the membership did not have an opportunity prior to electing Budapest delegates to the congress to become acquainted with the political views of delegates. For this reason, based on the resolution passed by the Central Committee [CC] on 23-24 July we question the legitimacy of the status of delegates elected in these places.

2. We call upon the Budapest party committees and the affected district committees to make certain that delegates already elected in the spirit of the resolution present their views to the membership. The membership should affirm their mandate on the basis of such presentations, or if necessary, the membership should exercise its right of recall. In places where the election of delegates has not yet taken place, we should demand that the nominees introduce themselves by presenting their political views, and that the delegates be given an opportunity to organize on the basis of their respective platforms.

3. In order to make it possible for these conditions to be fulfilled, we recommend that the deadline for the election of delegates be changed. We join in the proclamation issued by the regional council of southern and western Trans-Danube region reform circles which calls for the postponement of the deadline for the election of delegates to the party congress until 15 September.

4. Consistent with our position, the CC's and the Politburo's mandate would cease with the new congress. We do not feel that it is democratic for CC and Central

Control Committee members not elected as delegates to participate in the workings of the congress and to exercise their full rights.

#### Letter to the Presidium

25000370a Budapest NEPSZABADSAG in Hungarian  
22 Jul 89 p 5

[Text] The Coordinating Council of Budapest reform circles and reform basic organizations has forwarded to our editorial office a copy of the letter it sent to the MSZMP Presidium. At their request we are publishing the text of the letter:

"Party members active in the MSZMP Budapest reform circles and reform basic organizations are deeply concerned about the manner in which a significant part of the Budapest party committee—failing to follow the spirit of the CC's applicable resolution—organizes and implements the election of delegates to regional party conferences.

"Old reflexes still prevail. In the name of centralism they attempt to elect all those persons who by virtue of their numerical superiority are able to ensure that the composition of delegates to the congress is 'appropriate' as far as they are concerned.

"Judging by our findings thus far the following are the most essential symptoms:

- "1. Membership meetings to elect delegates were called immediately, without leaving time for the membership to think. Lists prepared in advance were distributed at these meetings.

- "2. As a result of the forced agenda of the meeting there was no opportunity for the electing membership to acquaint itself with the views of nominees, thus they automatically voted for the person whose name was called.

- "3. At most meetings there was no quorum call. Frequently (primarily in the districts) they held combined membership meetings, because the number of basic organization members present amounted to 30-40 percent at best.

- "4. Nominees overtly or covertly in favor of returning to the old order, are easily capable of eliciting a positive response from those who feel averse to, and view with worry the MSZMP renewal efforts, by using cheap demagoguery and obsolete phraseology.

"In summary: we are discovering tendencies which endanger both the success of the congress which we all feel is crucial, and the development of a new, attractive profile for our party which may appeal to people outside the party.

"Due to the above we recommend and request the following:

"(a) The Presidium should make a special evaluation (based on random testing) of the experiences of delegate elections thus far, and enforce the CC resolution of 23-24 June;

"(b) Delegates to the congress should report to the party membership entitled to vote for their political concepts by broadly disseminating such information (through the press, radio, television, and personal presentations);

"(c) The voting party membership has the guaranteed right to recall delegates and to nominate new candidates;

"(d) political trends (platforms) discernable within the party should receive representation related to their influence at the congress.

"In proposing the above, our thoughts go beyond the congress to the election of parliamentary representatives who are concerned about our party's future and the preservation of its leading role."

### **Christian Democratic People's Party Elects Executive Committee**

25000426a Budapest NEPSZAVA in Hungarian  
30 Aug 89 p 5

[Text] At its 26 August meeting the National Organizing Committee of the Christian Democratic People's Party elected members to its national executive committee, with mandates lasting until 30 September, at which time the party will hold its national organizational meeting of delegates. Dr Sandor Keresztes became chairman of the committee. Members are Dr Ferenc Balogh, Dr Tibor Fuzessy, Dr Miklos Hasznos, Laszlo Lantzky, Miklos Lukats, Pal Marik, Dr Gyorgy Szokolczay, and Dr Laszlo Szakonyi.

### **MSZMP Reformer Circle Demands Party Account for Assets**

25000424a Budapest NEPSZABADSAG in Hungarian  
25 Aug 89 p 4

[Excerpt] At its Wednesday meeting the Hungarian Socialist Workers Party [MSZMP] Budapest Reform Circle approved two position statements. First, the Reform Circle regards the need for the MSZMP to report to the membership on its assets a matter that cannot be delayed. The MSZMP should submit its report to the delegates during the 14th Congress at the latest. The delegates should decide by adopting or rejecting a resolution to accept the report. [passage omitted]

## **POLAND**

### **Spectrum of Youth Discontents Characterized**

23000223 Frankfurt/Main FRANKFURTER  
ALLGEMEINE in German 29 Aug 89 p 9

[Article by Tadeus Szawiel, sociologist in Warsaw, co-editor of the book "Religiousness of Polish Society in the

1980's" (Warsaw 1989), currently at Bielefeld University under a study grant of the Heinrich-Hertz-Foundation; and Rafael Zakrzewski, sociologist in Warsaw and editor of the "Krytyka" journal: "No University Admission, No Apartment, No Development"]

[Text] The Polish young—how are they now? Above all, they are numerous. In 1987, of 37.5 million Polish inhabitants no fewer than 8.3 million were between the ages of 15 and 29. This means that every fifth inhabitant of Poland is young. Among Polish inhabitants over the age of 15, every third one is a young person. That is higher than the average in European countries.

What has determined the life of these young people in the last 10 years? In 1978, the youngest of them were 5, the oldest 19 years old. The question could be answered with one word: crisis, the economic, societal, and political crisis. At that time, they all graduated from school, began work or studies, started an adult life. Their situation was shaped by the blocking of individual endeavors, by the insufficient chance to express their own needs, and by the decision to leave the country, or to stay. Also dominant was the prospect of having to wait more than 10 years for their own apartment and being materially dependent on their parents for a long time.

In 1979, for the first time since the communist assumption of power in Poland, the national per capita income dropped—and it kept dropping systematically. The crisis of the societal system can no longer be overlooked in 1979. A number of opposition groups become active: the Committee for the Defense of Workers (KOR), the defense movement for human and civil rights, the Confederation of an Independent Poland (KPN). Books, pamphlets, and information sheets are published by underground publishing companies. Everyone is quite aware of the chronic weakness of the economic system. At the same time, the crisis of communist ideology becomes obvious. At that time, official Marxism-Leninism is for almost everyone a hodgepodge of hackneyed phraseology; disapproval of ubiquitous propagandistic-ideological lies in the official mass media is universal. There is one important reservation, however: These are not yet the years of the crisis of hope. (That comes only later—in 1982-83, already under martial law.) In 1979, the hope still predominates that changes are possible, and even more, there is the belief in achieving and implementing such changes, a belief which is particularly alive in the years 1980-81.

This crisis of the political and economic system casts its all-powerful shadow on the coming generation, although this experience touches not only young people. They experience the same as the entire population. Overall, however, it was probably more important that the young encountered obstacles of a solid, system-inherent nature.

The first barrier is the educational system. It is definitely not a system granting equal opportunities to all. It is a rule that the youth achieves graduation from an 8-year elementary school, although the level of these schools is

not uniform. Usually standards are higher in cities, and lower in rural areas and small towns. And so, as an example, 60 percent of peasant children have only an elementary school education, while 30 percent of the children of qualified workers have completed this education. Only 3.5 percent of peasant children achieve graduation from a university, but 7.2 percent of workers' children do. There are only few admissions to universities. In 1986, 56,000 persons began university studies; at the same time, the number of young people aged 19 who theoretically could have started university studies was 490,000.

The second system-specific barrier is the lack of apartments. In the 1960's and 1970's, a young man had to wait at least several years to get an apartment, and even then only on the condition that he already had a family and children. But since the late 1970's, Polish housing construction has reached an impasse. In the cities a minimal number of apartments are being completed, and the computed waiting period has been extended from several years to more than 10, and even 20, years. Someone in his adolescence in the 1980's has the chance of getting an apartment when he is approximately 40 years of age.

The third barrier is the impossibility of material advancement and occupational development. In the factories, young people usually get more poorly paid jobs, chances for rapid advancement are few since investments were drastically curtailed. The more enterprising have the option between two alternatives: flight into the developing private sector, or emigration. Since 1980 about 500,000 people have left Poland for the long term, among them predominantly young people.

The second phenomenon is the rapidly declining acceptance of the societal system by young people. In 1983, 86 percent of Warsaw students rejected the Polish form of existing socialism. It can be assumed that the other young people share this opinion. One of the signs of declining acceptance of the system is the shrinkage of young members of the Communist party (the Polish United Workers' Party—PVAP). After August 1980, the age structure of their members changed noticeably. In 1981 the average age of party members was 43.6 years, in 1987 it surpassed 46 years. Of PVAP members, only 2 percent are under the age of 30. Of the 260,000 Polish students in 1986, only 900 were members of the PVAP.

The decline in accepting the PVAP has numerous consequences. The Communist party is losing direct influence over workers and students which in the foreseeable future could lead to the lack of corresponding "party cadres." On the other hand, the young generation does not articulate its interests through the PVAP. The youth organization supported by the PVAP—the Association

of Socialist Polish Youth (ZSMP)—also does not represent these interests. In 1980-81 it lost 1 million members, which is about 40 percent compared to membership in 1979. Polish youth accepts neither the political profile of the PVAP nor the reality whose guardian is the PVAP.

The second indication of the declining acceptance of the system by youth is the growing role attached to religious belief in the life of the young Polish generation. Poland traditionally is a country of the faithful. Nonbelievers and those indifferent to matters of faith constitute no more than 10 percent of the population. The general level of piety among the young is extremely high. In 1973, 81 percent of those between the ages of 16 and 29 called themselves believers. Today this number would be even higher, because since the mid-1970's a religious renewal is noticeable which gained further impetus in 1979 through the election of a Pole as pope, and in 1980-82 through the circumstances of Solidarity's coming into being, and martial law. Without a doubt, the last decade is under the sign of growing religious commitment, from youth activity in the church parish to the commitment to religious renewal movements. The best known movement of this kind, the "Oasis"—an initiative to deepen religiousness among the school population and working youth—in the Warsaw diocese alone united some 40,000 young people; nationwide there were several hundreds of thousands. In recent years the number of vocations to the priesthood increased rapidly. The number of clerics in diocesan and monastery seminaries rose by almost half in the period between 1976 and 1987, from 6,714 in 1976 to 9,038 in 1987. Young people are seen in church not only on Sundays, but also on weekdays, and one also sees them on pilgrimages. Religious commitment has also gripped the educated young. Of all Warsaw students in 1978, 59 percent called themselves faithful, in 1980 they were 70 percent. This increase without a doubt was favored by the economic crisis and by the crisis of communist ideology, but its roots are above all of an authentic religious nature. For one part of the young this is based on the perception of the values determining a religious way of life, for another part—the school population and students—on a deeper perception of these values. Faith has given meaning to their lives in Poland in the 1980's.

In this portrayal of youth must also be included to what activity the energy of (at least) the young elite is directed who, despite all the obstacles and lack of prospects, wants to act on its own. In addition to the commitment to various forms of action connected with religion and church, young workers proved their presence in society by participating in two strike waves in April-May and August-September 1988, and by activity in the organizations which sprang up during or after the strikes. The reorganization of readmitted Solidarity also offers them the chance to make their presence felt. In this way new labor leaders make their appearance, perhaps a new generation of Solidarity leaders.

For another sector of the young, "Freedom and Peace" (WiP), an organization with a pacifist program seeking dialogue with peace initiatives in the West, creates possibilities to become active. It must be given credit for having fought for and won, in mid-1988, civilian alternative service for draftees refusing to do the usual military service because of their convictions. Another organization, for many years working outside the law, is the Independent Student Association (NZS) which at present is represented at all larger universities. It was operating legally only from 1981. The last time that authorities refused its legalization was in the fall of 1988. After the round table talks it will again be able to operate legally. In 1980-81, the student association was clearly second-ranking compared to "Solidarity." But at least since last year it is developing dynamically, has its own program. Its members arrange meetings and solidarity demonstrations, circulate independent publications.

Finally one must mention the "Orange-Colored Alternative," an initiative partly artistic, partly political. The "Orange-Colored Alternative" became known through its political street happenings. This initiative began in the early 1980s in Breslau (Wrocław) where, for instance, in the autumn of 1987 it arranged alternative, "orange-colored" jubilee celebrations on the occasion of the 50th [sic] anniversary of the October Revolution. At this time it already exists in many towns and has gained many followers with its parodistic-grotesque stagings of anniversary celebrations, campaigns and slogans borrowed from communist tradition.

These, naturally, are only the outstanding groups. And the grassroots? These are the strikes of 1988 in which mainly young people participated and which above all were called by young people. These strikes, and the reactions of the mass media, have given young people a sense of identity. They are called the 88-generation. This means first of all radicalism which could lead to rebellion motivated by an almost total lack of prospects. Perhaps it also promises the birth of a third force in Poland, relatively independent of government and opposition, a force which could not only cause the government many difficulties, but also to the present, recognized opposition.

It is difficult to estimate at this time to what extent the readmission of "Solidarity" and the other organizations illegal up to then, as well as the elections in June, influenced young people. These events are epochal, but in the near future they offer little to young Poles. Almost nothing, except for the chance of political commitment and the reawakening of hopes (and even that cannot be stated with certainty). No additional new apartments will be built, and the living standard of young people will not improve in the foreseeable future. The educational system, also, will not be changed rapidly. Perhaps the next few months will already show the first reactions to the example of the young workers.

### Press, Personnel Changes, Media Developments in April 1989

260006 72 Warsaw PRASA POLSKA in Polish  
No 6, Jun 89 pp 57-61

[Unattributed report "Chronicle"]

[Excerpts]

**1 April.** Tomasz Luczak has been named deputy editor in chief of WIECZOR WYBRZEZA

Alicja Mach has been named editor in chief of KINO

Krzysztof Pilatowicz has been named deputy editor in chief of JA. TY. MY

Roman Rogowiecki has been named deputy editor in chief of MAGAZYN MUZYCZNY

Andrzej Swiatecki has been named editor in chief of TYGODNIK UNIwersytecki

Jan Zalubski has been named deputy editor in chief of EXPRESS POZNANSKI [passage omitted]

**3 April.** In Warsaw at the Journalists' House, the International Journalism Club of the Association of Journalists of the People's Republic of Poland organized a meeting with John Davis, American ambassador to Poland [passage omitted]

**5 April.** Youth Affairs Club of the Association of Journalists of the People's Republic of Poland organized an excursion to Jablonowice in Siedlce Voivodship to an international conference on problems of the development of, and threats to, personality in border-area situations; the participants included philosophers, psychologists, and sociologists from the Soviet Union, Czechoslovakia, Bulgaria, and Poland

**5 April.** In Warsaw at the Journalists' House, the Youth Affairs Club of the Association of Journalists of the People's Republic of Poland organized a regular monthly press conference of representatives of the youth organizations: the Polish Scouting Union, the Union of Rural Youth, the Union of Socialist Polish Youth, and the Reconciliation Commission of the Catholic Academic Unions, of the Independent Association of Students, and the Union of Scouts of the Republic

**5 April.** In Warsaw at the Journalists' House, the Polonia Club of the Association of Journalists of the People's Republic of Poland organized a meeting under the title "Polonia and Katyn." The guests of the club were the historian Dr Andrzej P. Przemyski and Dr Piotr Zaron

**6 April.** In Warsaw, the Automobile Journalists Club of the Association of Journalists of the People's Republic of Poland in conjunction with Polmozbyt organized a meeting on new systems of automobile sales, an agent system in automobile services, and supplying support facilities and retail sales with spare parts.



**6 April.** In Warsaw at the Journalists' House, the Agricultural Journalists Club of the Association of Journalists of the People's Republic of Poland organized a panel session titled "On the Table or Under the Table" devoted to the problems in agriculture, rural areas, and the food industry discussed during the roundtable. The guests of the club were the co-chairmen of the agriculture working group, Dr Stanislaw Sliwinski and Dr Andrzej Stelmachowski. [passage omitted]

**10 April.** Ludwik Luzynski has been named deputy editor in chief of *EXPRESS WIECZORNY* and removed from the position of editor in chief of *WALKA MLODYCH*. [passage omitted]

**12 April.** In Koszalin, the Construction Problems Club of the Association of Journalists of the People's Republic of Poland organized a session on construction of sewage treatment plants. [passage omitted]

**13 April.** In Warsaw at the House of Soviet Science and Culture, the next in the series of Thursday meetings of members of the Friendship Journalists Club of the Association of Journalists of the People's Republic of Poland with Soviet scientists and journalists was held. Dr V. Jakushyn of the Institute of the World Economy in Moscow spoke about economic integration among the CEMA countries. During the discussion, they talked about the problems of the CEMA and ways to resolve them.

**14 April.** In Sekocin, the Agricultural Journalists Club of the Association of Journalists of the People's Republic of Poland organized a session devoted to familiarizing the journalists with the latest results of scientific research on threats to, and the condition of, forests and the anticipated effects of pollution of the soil and forest environment. During the session, the participants also familiarized themselves with problems of the use of the forests and of the forest industry and with the social and living conditions of the forest workers and services. The agricultural journalists were the guests of the employees of the Forestry Research Institute and the General Directorate of the State Forests. [passage omitted]

**15 April.** Mieczyslaw Starkowski has been named deputy editor in chief of *TYGODNIK ROBOTNICZY*.

**17 April.** At Polish Television in Warsaw, there was an expanded session of the Presidium of the Radio and Television Committee at which Mieczyslaw F. Rakowski handed out papers: recalling Janusz Roszkowski from the position of president of the committee and nominating Jerzy Urban for the position.

"The leadership of the government and I personally," said M.F. Rakowski, "taking into account the suggestion of the party leadership and the allied parties, decided it would be good to change the leadership of the Radio and Television Committee. The decision is not," the premier emphasized, "a repressive act, but derives from the fact that a certain stage has come to a close and a new one begun; it is part of our normal personnel policy which

has ceased the practice of 'cannibalism.' It does not disqualify or diminish the accomplishments or abilities of Janusz Roszkowski, on the contrary, he remains a part of the government's plans." [passage omitted]

**21 April.** In Warsaw at the Journalists' House, the International Journalism Club of the Association of Journalists of the People's Republic of Poland organized a meeting with Franz Joachim Schoeller, ambassador of the FRG to Poland. [passage omitted]

**25-26 April.** In Warsaw at the Journalists' House, the third meeting of the roundtable of journalists from Poland and the USSR was held. (Such meetings are organized every two years, alternately in Poland and the Soviet Union as part of the cooperation between the Polish association and the Union of Journalists of the USSR.)

The topics discussed at the Warsaw meeting were research on social awareness, changes in propaganda, and the international conditions and resources for perestroika. (We will report more extensively on the meeting in the next issue.)

**26 April.** In Warsaw at the Journalists' House, the Economics Club of the Association of Journalists of the People's Republic of Poland organized a meeting on the development of conventional and nuclear power. The guests of the club were Wladyslaw Matlak, the director general of the Energy and Lignite Community, and several specialists.

**26-27 April.** In Wroclaw, the Cultural Problems Club of the Association of Journalists of the People's Republic of Poland organized a session on the ties between Wroclaw and Lvov and the consequences of those ties. As part of the program of the session, the journalists visited the Ossolineum Publishers and the Ossolineum Library. There was also a press conference with director Eugeniusz Adamczak on the publishing plans and the problems of the publishing house and a talk with director Janusz Albin on the reclaiming of the collection from Lvov. The participants in the session met with the board of the Wroclaw Society of Friends of Lvov, with the city and voivodship authorities, and the directors of artistic institutions. The participants visited an exhibit on Lvov in the Museum of Architecture, the Raclawicka Panorama, and the gallery of contemporary art at the National Museum. [passage omitted]

**27 April.** In Warsaw at the Journalists' House, the Polonia Club of the Association of Journalists of the People's Republic of Poland organized a meeting with Czeslaw Okinczyc, deputy president of the Union of Poles in Lithuania, who spoke about the recently completed first congress of the Socio-Cultural Association of Poles in Lithuania. [passage omitted]

**30 April.** Piotr Olejnik has been removed from the position of deputy editor in chief of *RZECZYWISTOSC*.



Jerzy Pardus has been removed from the position of editor in chief of RZECZYWISTOSC.

## YUGOSLAVIA

### Head of Serbia Presidency Political Reform Group Interviewed

28000163 Belgrade NIN in Serbo-Croatian  
30 Jul 89 pp 10-15

[Interview with Slobodan Vucetic, chairman of the Socialist Republic (SR) of Serbia Presidency Group for Questions of Reform of the Political System, in Belgrade: "Constitutional State of Free People"; date not given; first two paragraphs are NIN introduction]

[Text] The SR of Serbia Presidency group, which broke all records by preparing a draft document on strategic changes in the Yugoslav political system within a month and a half, was headed by Slobodan Vucetic, a member of the Presidency of the SAWP of Serbia. When invited to NIN's offices to answer questions about the group's goals and problems, as well as about the "political moment" in which these changes are being proposed, Vucetic agreed to an "open interview," noting that he and other members of the group would shortly "have" to explain the extent of the changes in the political system to foreign journalists who had already been announced, so that this conversation would be a good "warm-up." After the conversation, however, our impression is that it was a serious "championship match" which showed from Serbia's point of view what kind of world we can live in, since it is less and less possible to call what we have today a blessed and good life.

The Presidency group's document was adopted—after a critical discussion and with a number of suggestions—by the SR of Serbia Presidency Commission for Social Reform under the chairmanship of SR of Serbia Presidency President Slobodan Milosevic.

[NIN] The SR of Serbia Presidency commission signed this material: was the group made up of politicians or of experts from the various sectors?

[Vucetic] As far as I know—and I don't think I'm mistaken—this is the first important republic-level body with an ambitious assignment set up with a majority of professors, academics, and doctors of science, i.e. of leading experts. In the past we'd approached those major reforms with commissions that had just a sprinkling of academics, just for the sake of appearances, so that it would sound good, while politicians played the dominant role. This time we reversed that.

[NIN] The group completed its work in record time.

[Vucetic] The group was formed on 5 June and held its first meeting on the 16th; its assignment was to prepare a platform for reform of the Yugoslav political system within 1 month. That was a short time indeed; to tell the

truth, I'd expected it myself but the other members of the group weren't surprised by such a pace either.

Right at the first meeting when I delivered my introductory remarks, I said that the times were grave and such as to demand rapid, high-quality work, which isn't easy. Second, we worked out a basic platform, one without details, because everything connected with economic reform and reform of the League of Communists is, to a large extent, connected with, or conditioned by, reform of the political system.

[NIN] Was your work made easier or harder by the degree of agreement in Serbia?

[Vucetic] In the past 2 years—I'm limiting myself to Serbia now—there's been very intensive political and scientific activity and discussion precisely of the political system, of changes in the social system in general. And for the first time we've received demands with opinions and scientific positions from an extremely broad range of the political public on virtually every vital question—it all started with those discussions of the Critical Analysis of the Political system, followed by the debate on the draft amendments to the Yugoslav Constitution, and then the debate on the amendments to the Serbian Constitution. That was a great help to our group. In other words, we had a great wealth of findings—political, expert, and scientific—on all essential issues of the social system. We worked intensively, without breaks, producing four or five working variants before arriving at the final version.

[NIN] Did you work from theses given you by the Presidency or did you "produce" independently?

[Vucetic] When it set up the group, the Presidency of Serbia gave us 7 or 8 typed lines of tasks to accomplish. They specified that we must prepare a platform for changes that would permit Yugoslavia to create a genuinely democratic political system, a system of law above all, one which would open broad prospects for democracy and for building a modern economy. Those were the two main axes of our work.

On the other hand, the Presidency stipulated that we must present a plan for a modern democratic federation that would reaffirm and define itself as a modern democratic, federative state, one which would perform its central functions effectively, while fully respecting national equality.

Thus we weren't given theses in the classic sense; rather the Presidency concluded that economic reform, on which the commission is intensively working under Slobodan Milosevic's chairmanship, is quite impossible in this country if we don't modify the political system very quickly—and fundamentally. It will suffice if I cite just the example of the federation, which is also the main problem for that matter, because in 1974 we virtually abandoned the federative scheme (and even before then, in 1968, we'd begun to abandon it) and moved toward a

confederative scheme reduced ad absurdum. No fundamental economic decision can be made in the federation without consensus and no other country on earth has such a system.

[NIN] What kind of atmosphere prevailed during the work and was the proposal the result of "coordination"?

[Vucetic] Naturally there were differences but the group, including the academics, was unanimous on all vital questions. For example, Mihailo Markovic was very active in a unique way—he did not attend a single one of the group's meetings because he's been teaching at a university in Germany for 2 months, but he would come back to Yugoslavia on weekends and took an active part in the drafting and submitted some proposals in written form.

[NIN] What were the major disagreements about in the commission?

[Vucetic] Well, what we discussed the most was political pluralism and the position of autonomy. There were nuances and differences of opinion, shall we say, on pluralism. We felt that in Serbia, not only at this moment but also in the long run, there's no reason to be defensive about the phenomenon of political pluralism. It's something that arises out of life, from the social and economic structure, which is varied, varies from nation to nation. Then there's the ownership complex; with the new constitutional amendments, that's so variegated that we now have a very clear pluralism of ownership—and the perspective that it will become increasingly clear—which "produces" political pluralism.

[NIN] Let's simplify a bit: what is the group's position on the multiparty organization of society?

[Vucetic] Our answer isn't sufficiently explicit but it's sufficiently clear: we must not exclude the possibility of other forms of pluralism and of pluralistic political organization. Really, I'm sorry the answer isn't more forthright.

[NIN] Does that mean the legalization of a possible opposition?

[Vucetic] There are restrictions, if I may put it that way: Socialism, democracy, Yugoslavia, the Yugoslav framework. So we must not rule out the possibility of other forms—a broad spectrum of organization of people through leagues, associations which may belong to the SAWP but don't need to.

[NIN] A lawyer would find it very hard to define that "Yugoslav opposition." That an opposition be in Yugoslavia, i.e. that it have representatives from all the republics, or from all parts of them, or how else would that stipulation for a "Yugoslav opposition" be interpreted? Can it be the mere fact that it's established somewhere in Yugoslavia and operates there and that it's Yugoslav, without regard to whether or not it's national by structure?

[Vucetic] Logically we don't rule out the possibility that tomorrow there will be a Socialist Party alongside the Communist party. Naturally I say a Socialist Party, rather than a party whose program includes the reprivatization of social wealth or a return to capitalism. That's where we draw the line.

[NIN] Did the members of the group generally feel it right for a party that has a monopoly, that holds power, always to be the one to assess itself and its own activity?

[Vucetic] We've got to abandon the party state and construct a genuinely constitutional one. The League of Communists plays a significant role, an undeniable one, but that doesn't give it the right to maintain a monopoly political position. Then after that we talk about the need for the other existing political organizations to be fully independent and represent their members' interests.

[NIN] Do the ideological straitjackets your group rejected also include the concept of exploitation, which isn't mentioned?

[Vucetic] We refer to it in the first section in a different way. There we said that our social system, virtually in its entirety, is based—quite contrary to the logic of any national economic or social system—on the dominance of narrow interests, on the dominance of national interests in the organization of the state, etc. and that all basic segments of the economic system and self-management—particularly basic units like OUR's, etc.—were organized in such a way as to permit exploitation, i.e. that the entire system was conceived in such a way that resources have been shifted between regions, industries, etc. without any sort of economic basis.

The group talks about that kind of exploitation but not in the narrow sociological class sense. We simply avoided doing so because that would have drawn us into major ideological discussions.

[NIN] Then how is Socialism defined here?

[Vucetic] The indications we provided in some segments—substantive indications of some new relationships within the framework of the political system—virtually provide a fully sketched out system based on two key criteria, a renovated or reformed Socialist social relationship. The two criteria are social ownership—which continues quite indisputably dominant—as the fundamental basis of the social Socialist relationship. Second, there is the system of Socialist democracy, which we form on the one hand from self-management in the sphere of labor and politics via the Chamber of Labor, and on the other hand there's that which makes up—if this is at all clear—the Socialist social relationship, which calls for democracy and equality—political, social, economic, etc.

[Boxed item: SR of Serbia Presidency Group for Questions of Reform of the Political System: 1. Vucetic, Slobodan, chairman of the group; 2. Andjelkovic, Radmila; 3. Bogdanovic, Miodrag; 4. Vajovic, Dr Petar;

5. Vidojkovic, Miodrag; 6. Vico, Ratimir; 7. Damjanovic, Dr Mijat; 8. Dimitrijevic, Dr Nenad; 9. Jovicic, Dr Miodrag; 10. Kosutic, Dr Budimir; 11. Lukic, Dr Radomir; 12. Markovic, Dr Mihailo; 13. Markovic, Dr Ratko; 14. Marsenic, Dr Dragutin; 15. Marinkovic, Dr Radivoje; 16. Matic, Dr Milan; 17. Milosevic, Milutin; 18. Mitic, Goran; 19. Mihajlovic, Dusan; 20. Molnar, Dr Irena; 21. Nikolic, Dr Pavle; 22. Pecujlic, Dr Miroslav; 23. Pesic, Svetlana; 24. Pjetr, Kolja; 25. Rajsic, Zivorad; 26. Spadijer, Dr Balsa. end box]

[NIN] How do you see this proposal in the context of Yugoslav realities and the Yugoslav political situation? How realistic is it, did you think about that?

[Vucetic] Our basic criterion in working out these proposals was not tactical politics. Right from the very first meeting we started out from the firm, working conclusion that the ideas we would propose must not be some sort of compromise or proposal motivated by tactical politics, based on an assessment of how they would be received and sound in some other part of the country or some other part of the world. Instead, we wanted to try—bearing in mind our complex and difficult economic and political reality—to present solutions that would create the framework for a modern economy of tomorrow and for a modern political democracy.

In other words, we were totally convinced that we can have neither a modern economy nor political democracy if we don't create a modern, democratic federation which—like every country that is so called and so organized—must carry out the vital functions which ensure an efficient market economy and single market, along with political democracy, national and human equality, human freedoms and rights, etc.

[NIN] The group used the expression "modern, efficient federation"?

[Vucetic] Yes, we seek a modern, efficient federation and a federal government which will be efficient within the limits of its central functions. That means providing a total guarantee of national equality—about which there is no question nor ever was any question—but at the same time in the federation as a democratic community it means enabling the federation to operate not only on the basis of the national criterion—which is now the sole criterion—but also simultaneously on the basis of the criteria of the citizen as a political factor and the worker/creator-of-material-and-intellectual-value as a political factor as well.

It is on these three axes, on these three criteria that we base our proposal and that's one of the key points.

Above all, we argue for total reform of the constituent elements of the federation. In other words, not the nation as sole criterion, retaining it as the absolutely omnipresent and key element, but also the citizen as a political factor and the worker as the creator of intellectual and material value. In other words, those three criteria. On the other hand, we've got to define very

clearly the federation's basic functions in regulating socioeconomic relationships in particular. If we've proclaimed the single market, then the federation must possess those instruments. You saw which ones they are. Above all, general economic regulation, the conditions of doing business—monetary, fiscal, and foreign trade, i.e. policy relations with other countries.

Naturally, everything that makes up the single market plus the classic sectors—defense, security, foreign policy—those form the basis of the system. What's fundamental is that in 1974 the federation definitively lost its real constitutional powers. It has only as much political power as emerges in any concrete situation from the application of the consensus principle within the play of interests and the correlation of forces at a given moment. Quite simply, it has no stable or defined status. We argue that the federation's status should be defined, i.e. that it establish its real constitutional and governmental sovereignty (naturally in those functions which we agree are common to us: the economy, defense, security) and above all that with respect to those functions the federation then make decisions according to the majority or qualified majority principle, with unanimity in the Chamber of Nations or National Chamber or whatever it's to be called (it's now called the Chamber of Republics and Provinces), using the consensus principle only for a narrow range of questions that constitute the guarantee of national equality. After all, Serbia needs consensus on those issues too, just like the other republics.

You've seen that we propose that the three chambers in the future Yugoslav Assembly—National Chamber, Chamber of Labor, and Chamber of Citizens—should make decisions on the 2-house principle, which is an efficient and normal criterion, but that the chamber with general responsibilities should always be the Chamber of Citizens. That may cause some bewilderment, as will another principle which is quite logical from the standpoint of our system. If we've proclaimed self-management, a single market, and similar categories, then it's hard to imagine a Yugoslav Parliament lacking a corresponding chamber to represent the interests of associated labor, self-management, and the market—and that's the Chamber of Labor, and we expect great opposition on that. You yourselves know that Slovenia in particular opposed a Chamber of Associated Labor. But, as I said, we truly were not guided at all by thoughts of who would react how to those proposals; we attempted to offer a plan for an efficient way to organize a Yugoslav federation which would satisfy two or three criteria. First, it would guarantee national equality, second a rational economy and efficient economic powers and the implementation of those powers, within limits to be laid down in the Constitution. And third, that the federation be the guarantor not only of national equality but also of human freedoms and rights, which today it is not.

[NIN] Were you able to work out the best solutions within a month?

[Vucetic] We wanted in this "hot autumn," as they call it, to come out with a platform containing politically and scientifically well-founded basic positions, simply for the sake of clearly stating our basic views and thus contributing to the general cause of Yugoslavia in this sector. Others are also working on this in the federation: platforms are also being drawn up in the League of Communists of Yugoslavia Central Committee Presidium and in the Yugoslav Presidency.

In producing this document, we wanted to refute those unfounded doubts, suspicions, and controversies about our positions, of which you read and hear so much not only in the Yugoslav press but also on the Yugoslav political scene—that Serbia wants to introduce majoritarianism, centralism, and unitarism, to crush national equality under foot, and I don't know what all.

[NIN] The proposal mentions freedom of the media. What does the commission mean by that?

[Vucetic] That's part of human freedoms and rights. We approached that part in a really extremely open-minded way, democratically motivated, without any sort of prejudices, and naturally we concluded that this complex of relationships—freedoms and rights—needs to be worked out in more detail this fall by a special subgroup, along with other issues. One thing we certainly mean by freedom of the press is the right of a group of citizens to publish a newspaper.

[NIN] The group proposes major changes in the electoral and assembly systems...

[Vucetic] We're convinced that direct, free, multicandidate elections will vastly improve the quality of the assembly system, strengthen the position of the assemblies. Gradually we'll abandon the rigidly conceived system of "unity of power" as defined by the current Constitution and move to a system of "separation of powers," where the assemblies will above all and genuinely be built up as independent legislative bodies with the function of politically monitoring the executive/administrative sphere by giving the government a vote of confidence, monitoring the execution of laws, etc. and where the executive and administrative branch will be independent in the executive domain.

That's one of the elements of a constitutional state, along with the courts (as totally independent authorities, as they are in every democratic and constitutional society) as the main, fundamental guarantors of the law and the constitutional state. We suggested five or six points—judges not removable, independent financing... In our view that's fundamental. The constitutional state cannot come into being by political decision. It can come into being only if all institutions are so structured that they operate according to the law and the Constitution rather than by political diktat, that each one does its job and is always subject to criticism and monitoring. It was also in this light that we looked at the human rights complex.

[NIN] You argue for doing away with verbal crime; presumably you mean nonpunishment of verbal crime?

[Vucetic] We thought about that too. Verbal crime is simply "insulting the system with words." We'd had a formulation that was constitutional—it was good in that sense—to stop pressing charges for verbal crime, to make it no longer punishable, and then we changed our minds and at the last moment we said, do away with verbal crime. We deliberately said to do away with verbal crime because everybody understands that. If we'd said to stop pressing charges for verbal crime, a lot of people would have asked—what is that, some new trick?

[NIN] How much agreement is there between your proposals and those from other republics? What do they have in common, and what's drastically different?

[Vucetic] The Slovenes firmly insist—that's been the essential difference from the start of these discussions, from the Critical Analysis to today—on a confederal Yugoslavia, really, that would be called a federation. Today in calling for an "asymmetrical federation," they're essentially saying to let the "rest" of Yugoslavia organize itself as a federation however it likes and needs and for the Slovenes to belong to that confederal system insofar as it suits their own interests.

It's in the complex of these relationships within the federation—I'm thinking of all that the federation means—where it is by definition a system of cooperation, of basic central political and economic functions, of ways of performing those functions in the economy and in the political sphere, etc.—that's the essential difference, mainly between Slovenia and (I would say) the rest of Yugoslavia, although that doesn't come up only in Slovenia.

Otherwise, in the approach to economic reform, in the approach to the new, modern economy, the market, the ownership complex, political pluralism, there won't be any great differences. The constitutional state, the expansion of (or real guarantees for) human and citizens' freedoms and rights, and that system of power in the narrower sense, organization—those won't be controversial, I hope. When we talk about the basic elements of social organization, we all more or less agree that Yugoslavia must be a Socialist, democratic, federal state of equal nations, founded on social ownership (which will dominate), on respect for human rights and freedoms, a constitutional state. So we agree on those basic social categories but we disagree fundamentally with Slovenia, for example, with respect to the structure of the government, with respect to how to define Yugoslavia as a state above all, and how it is to function—there we see fundamental differences.

Those differences are motivated primarily by the correlation of interests. Quite simply, the current confederal system of organization and decisionmaking with respect to the federation simply guarantees the status quo, guarantees to all that they can defend their interests as determined solely by day-to-day advantage, so to speak,



and block the interests and demands of the majority. The ideological justification they provide in arguing that the efficient performance of federal functions would threaten basic national rights, national sovereignty, independence, etc. simply cannot be taken as serious criticism, because the efficient performance of the federal government's functions is a fundamental prerequisite if our society as a whole to function at all, in economic terms above all.

[NIN] You propose two chambers in the Assembly, the Chamber of Producers or the Chamber of Labor, as you call it...

[Vucetic] Not a Chamber of Associated Labor but a Chamber of Labor, which would faithfully represent a new ownership structure of society. And second, there's a legitimate place in our political system for a Chamber of Labor simply because a system that's Socialist, democratic, self-management, and I don't know what all, presupposes that those who produce social wealth should have special influence in determining social policy in the economic sphere.

So we said that the Chamber of Labor should not be formed on the territorial principle—say, with each republic having a certain "quota" of votes—but that it be formed on the functional principle. In other words, all the textile workers in Yugoslavia should be jointly represented by a number of delegates in a federal chamber of labor, in this Chamber of Labor in the Assembly of Yugoslavia. That's the basic principle, the purpose being by means of this chamber to break up as far as possible the monopoly of current national economies and political structures—which dominate absolutely today—and to express the true, common economic interests and so strengthen the process of economic and social integration of Yugoslav society. Because—speaking the language of people from the economy as they do—textile workers, metal workers, etc. understand one another pretty well.

[NIN] A classic political question: is it a good time for this sort of redefinition of the system and of society, is it "the right moment"? Because while the time is ripe for radical changes, circumstances are very unfavorable for any sober thinking and any wise proposals from any

sector. How do you assess the relationship between the positive and negative sides of this "moment"?

[Vucetic] That question comes up often in life. As for what I think, I feel that the present time, this time of a deep crisis that's gone on for a decade (and I have the impression that it's been getting worse systematically all the time)—that it's good for reforms. If we've already tried a mistaken scheme of socioeconomic relationships and economic development, the utopian self-management scheme, the scheme of national economies and confederalism, and failed the test of practical experience with that scheme, if that's already happened—and it has—then it was inevitable that we would get into a crisis and reform. Although the crisis brings with it much politicization and clashes of interests, I believe that the progressive factors of change really prevail in society.

In quieter times the bureaucracy and the nationocracies in particular managed to find a common language and come to an understanding relatively successfully, preserving their monopoly within the framework of the polycentric etatism.

Now in the majority of cases they've been shaken by the pressure of economic, social, and political problems and by the loss of moral and political legitimacy. Now there is obviously taking shape—not as yet to a sufficient degree, but it is taking shape—a great new social and political force that's boiling up out of the guts of the social entity. That's mainly the working class, sometimes organized consciously and politically, sometimes spontaneously under the pressure of economic problems, then there's the intelligentsia and the peasants, who in the past haven't been a basic political factor, just the "raw material" for our—largely formal—democracy.

So I think there's been a basic change in the last 2-3 years in that under the pressure of economic and political crisis the broad social strata have been becoming a powerful political factor, for the present mainly spontaneously organized, but also the intelligentsia through various of its associations, then workers, etc. From a democratic point of view that's good; that represents a great democratic force and a guarantee that political and economic reforms will be carried out rapidly and along sound lines.



## ALBANIA

### Importance of Organic Fertilizers Stressed

21000021 Tirana ZERI I POPULLIT in Albanian  
10 May 89 p 2

[Article by Hekuran Isai: "No Developed Agriculture Without Organic Fertilizers: Decisions of the Seventh Plenum of the Party Central Committee in Action"]

[Text] The high yields achieved by many agricultural units in agricultural products have their source in the abundant supplying of the soil with agricultural fertilizers. At the Ninth Party Congress, Comrade Ramiz Alia stressed: "An agriculture properly fertilized and irrigated needs more organic fertilizers to be provided in great quantity by all means possible."

Soil is a living "organism." It has been scientifically proven that in one gram of soil there are millions of bacteria. The latter need food, because this is the only way then can serve plants. Without being fed, bacteria do not feed the crops which we sow, and the crops which we sow will not give the planned yields if they are not fed by unleashing of bacteria. Production is a balance of energy resources: you give, it gives; you do not give, it will not give. And their food, the soil's food, are the organic substances, the organic fertilizers. When the congress speaks, when Enver Hoxha spoke, when Comrade Ramiz Alia speaks and when the Seventh Plenum of the Party Central Committee speaks, the rest of us must not stop our organizing work in regard to this matter. Are the specialists, cadres and communists aware of this concern? Let us examine the facts. The percentages for the use of organic fertilizers are very low. Planning to put 200 quintals of organic fertilizers per hectare on the soil once every 3 years, and to seek to obtain high yields of 50 to 80 quintals per hectare or to obtain two yields per year—means to be satisfied with an empty spoon.

#### 'The Appetite' of the Soil

Some agricultural specialists and cadres have caught a special disease, an intellectual disease—mental indolence. Such people of dormant mind speak about high yields; however, this type of cadres demands more and more investments, more and more chemical fertilizers, more and more irrigation. But, what does science say? Chemical fertilizers provide only nitrogen. This is only one element, while plants require 58 other elements according to Mendeleev's list. And all these elements, including nitrogen, are within "the yellow lines" of the cooperative, the farm; they are found in organic fertilizers. Last year, we used about 5,700,000 tons of organic fertilizers in the entire country. This quantity is equal to 18,000 tons of ammonium nitrate and 36,000 tons of superphosphate. Here nitrogen is at the threshold of every working brigade, of every cooperative, in every farm. This is nitrogen produced without gas or petroleum, without money, a product which is not a burden to the economy; on the contrary, it relieves it.

Studies have been made, and scientific levels have been established in regard to organic fertilizers. You can hear everywhere that organic fertilizers replace nitrogen, potassium and phosphorus. People insist and argue in a scientific manner that organic fertilizers assure the continued development of the fertility of soil and that they increase the effectiveness of the use of mineral fertilizers. All those would remain beautiful words if we take into consideration the fact that the annual fertilizer collection plan is never fulfilled. Last year alone, because of the failure to fulfill this plan, agriculture did not receive 3,500 tons of nitrogen which is equal to 30,000 tons of grains. Nobody gave any account and nobody had, as the people say, even a thorn in the foot, especially in Gramsh, Kukes, Tepelene and other districts, which last year did not fulfill even 60 percent of their organic fertilizer collection plan. When a district of an agricultural unit is not given the quantity of nitrogen or of superphosphate on time, there is a great alarm that goes up to the highest organs; while, in regard to organic fertilizers nothing is said and the tasks, so to say, are arbitrary and not subject to the rigorous monitoring of planning and execution of the plans. With such practices there is no progress. The basic party organizations must call to account every specialist and cadre who, looking at nitrogen, underestimates, mistreats and mismanages organic fertilizers and tries to justify this weakness before the people who have given him education and culture.

Agriculture headed for intensive development has an appetite for organic fertilizers. This "appetite" can be satisfied because the reserves for organic fertilizers are inexhaustible. The first source is livestock manure and the organic materials of soil. We know the initiative of Priske cooperative farmers who collect the humus of forests; the experience of people in Ishme who turn seaweed into fertilizers; the experience of people in Savre (Lushnje) and Bushat (Shkoder) who make of their straw of corn, tobacco, sunflower and cotton a kind of compost and convert it into organic substance for soil fertilizer; and there is the mixture of the waste from the thermoelectric power plants, the organic wastes from cities, the shavings and coal wastes which, with very little work, can be converted into fertilizers. There are the clays in Bezhan which, when put directly in soil sown with wheat, increase yields from 20 quintals per hectare obtained to more than 50 quintals of wheat per hectare, which the Selenice Cooperative did in some of its plots. It is the task of the party to generalize all these good experiences.

This year it is expected that less organic fertilizers will be collected than last year. Why this easing off, why this reduction in the plan while yields have been increased and livestock has also increased in number and has come nearer to the field? Nobody can understand that this decrease in the plan was not known by the plan branches in the cooperatives, the sections and directorships of the executive committees and government departments. But why is it that basic party organizations allow plan

reductions in agricultural cooperatives and farms? And why do district party committees agree with these percentages when it is known that this year, as we said, the agricultural tasks are more pressing than last year? Such low scale planning makes one "come out successful" before the department, but it does not make you successful in supplying the people. Without abundant organic fertilizers the yields of plants remain only on paper. Based on scientific data and the people's philosophy, Comrade Enver Hoxha said: "The soil is like that mother who, if she is well fed, gives birth to and raises healthy children." The use of chemical fertilizers and irrigation without organic substances does not give proper effectiveness. This is the "ABC" of intensive agriculture. The specialists' advice to work the soil so much and so deep has no value at all if it is not accompanied by organic fertilizers.

They should not be satisfied with figures and percentages which "fill" records with fertilizers, but not the soil. On the contrary, they should seek to discipline work in this field. It must be officially recorded how much fertilizer was produced and how much of it was put in the field. First of all, it is the task of the agronomist to allow further work in the field only when the field has received the quantity of fertilizer required.

#### In the Shadow of Planning

Starting with the planning period, the question of organic fertilizers is underestimated, handled as a sub-product, as technological remnants, as waste. The only concern is to establish a figure for the quantity of fertilizers to be collected. For the other plan "annexes," organic fertilizers, as to say, do not exist. And, when investments have been made (in fact investments have been made), these investments have been made in campaigns. The designs for fertilizer collecting places have been made by incompetent persons, and they are almost everywhere out of use. Many stables are not designed to collect organic fertilizers, and they do not collect them. On the basis of the concept that the fertilizer problem is decentralized, the highest planning organs have been keeping out of it. This is not fair because organic fertilizers are equal to grain and other agricultural products. This withdrawal has taken place not only in regard to insuring investments and material base, but also in monitoring the drafting of the plan. The district state and economic organs think of the fertilizer plan only when someone from above pushes them. It is only by following this work method that you can explain the abandoning along the way of the initiative which had begun in 1987 for the building of fertilizer holes near stables in Durres, Lushnje, Tirana and Fier districts. Much has been said about Katundi i Vogel (Maqellare). Every family in that place has a simple hole for the decomposition of fertilizers. Villages in Permet are keeping the tradition of collecting whey. Villages in Korce make enclosures for collecting manure from sheep and goats. Those kinds of projects are executed with local means, because villages have such means. However, the fact that these kinds of projects are not executed

in many agricultural units show that their construction is left to whim. Anyone who wants to use these means, and anyone who does not desire to use them abandons traditions and initiatives. The planning organs in agriculture and in all the planning pyramid have agreed on this situation. The party organizations are silent about this matter.

The fertilizer processing enterprises which were created in some cities two years ago have remained in the shadow of planning. It is scandalous when you hear that fertilizers of the Tirana communal enterprise not only do not enrich the soil but, on the contrary, impoverish it, because instead of giving energy to the soil they take energy from it. Forty thousand [40,000] tons of waste are collected from cleaning the city of Tirana. Only 10,000 to 12,000 tons of waste are processed, because the enterprises of cleaning and greenery do not separate organic waste from nonorganic waste. The industrial enterprises and the thermoelectric power plants are obliged to take their organic waste and cinders to the fertilizer processing centers. These tasks have remained on paper. It is even worse. In some districts, for example, Lezhe, Puke, Mirdite and Librazhd, city fertilizers are not listed in the balance sheets for the production of organic fertilizers, because the fertilizer processing centers for cities have not been approved yet. Everything passes in silence. Meanwhile, the same districts cry for more chemical fertilizers, for more funds for irrigation. This is a liberal attitude, beyond the logic of time, in contradiction with the principle of reliance on own's forces. First of all, the communists, vanguard workers, activists of mass organizations and advisers must not agree with these attitudes. The requirement for reporting on designing and execution of plans must be applied everywhere; and technocratic practices, expressed in concepts of overrating chemical fertilizers and underrating organic fertilizers must be fought. Many countries are disturbed because of excessive use of chemical fertilizers. Therefore, they are building plants expressly for the production of organic fertilizers. The excessive use of chemical fertilizers leads to the chemicalization of the soil which destroys bacteria and reduces yields; but, of course, it is dangerous because chemical elements are increased and absorbed by agricultural plants and, therefore, harmful to the people's health.

In many agricultural units, in regard to the production costs, the expenses for the transportation of fertilizers are very high. The high cost has dictated [the use of] fertilizers in abundance only for the fields near livestock complexes. The quantity of fertilizers assigned to hilly areas not infrequently has been distributed to the plain fields. A whole wealth of livestock fertilizers is located in the upland pastures, in the highlands. However, this quantity of fertilizers is lost, because nobody thinks of transporting it, we have some institutions. We have a very powerful machine industry. We also have agricultural machine plants, which still bear this name, despite the fact that only 30 to 40 percent of their products are destined for agriculture. With all this technical and

human potential would it not be possible to produce various types of cableways, such as hilly and mountain cableways, for the transport of organic fertilizers? Is it not possible to design and produce mechanisms and conveyors? If people say that organic fertilizer is bread grain, if they stress that it is the money which replaces chemical fertilizers and if they insist that it is the base for intensive agriculture why then do the Committee for Science and Technology, the various institutions, the building material industry and scientific councils in the executive committees stand aside from these matters? All these organs will stand aside as long as they are not entangled in this work in a planned manner. In order to achieve this, the basic party organizations in agricultural units, the district party committees, all government departments and, especially the State Planning Commission must speak with more weight. The shift in planning would be the first promise for assuring the shift in production and in the better use of organic fertilizers.

### **A Necessity, not a Surplus Link**

First, let us learn about with a progressive experience. There are working brigades, specializing in fertilizers, which work the whole year at the Bushal higher type agricultural cooperative. They work the whole year collecting, selecting, composing and transporting fertilizers. Here everything is synchronized. The working brigades have their own plan. The drafting of the plan is not separated from its execution. It is in the interest of the working brigades' compensation to produce as much fertilizer as possible with the best quality possible. Personal interest, supported by organization and material base, has increased production. As a matter of fact, in 4,000 hectares of land farmers handle every year 150 quintals of organic fertilizers per hectare. This cooperative has also sister cooperatives, which do the same work, such as Pojova Cooperative in Elbasan and the Plase, Sukth and Kameze agricultural enterprises. However, this does not happen everywhere. Let us generalize this good experience.

To be truthful, we must say that these working brigades have been set up in all agricultural units. However, the administrative order has been more active for their creation than the conviction of specialists and cadres. And, what happens? When you ask for a while year's work for fertilizer collection and production, people work in campaigns. And, it cannot be otherwise as long as fertilizer working brigades are conceived of as surplus links, as supplements to the sectors, by order of the cooperative leader, chief agronomist and even agronomists, the fertilizer brigade forces are moved to the aid of other agricultural sectors. At first glance, it seems that you can profit from these moves. But, in fact, the loss is 10 times greater. Many specialists and cadres see these working brigades with a stepmother's eye, as vacant places for people with limited capacity. According to observations, it appears that the communists who work in these working brigades can be counted on the fingers of one hand. This is a matter that should be reexamined

by the party committees. It is time to think of reorganizing these working brigades and even of increasing their number. Reserves for organic fertilizers are unlimited.

The work with specialized working brigades is very difficult. The production is abundant; it amounts to hundreds and thousands of tons; it must be circulated, moved and transported in the fields. And all this is almost completely achieved by hand, without machine and without suitable transport means. Specialists know this situation, but they do not invite innovators of the agricultural machine plants as long as they do not think to do so, to do what is needed to ease the work, to accelerate production and reduce expenditures. Fertilizer is lost; it ends up in the gutter. It also loses quality, because the entire quantity collected is not processed on time.

And the use of economic levers must act for the improvement of the quantity and quality of organic fertilizers. Although the price has increased, the revenues from a ton of organic fertilizers are still several times higher than expenditures. Therefore, the matter must be seen, examined and handled in such manner that, parallel with all other factors, the price of organic fertilizers will get people more interested in using all their reserves and possibilities to increase them.

### **Far Away From Theorizing**

The processing of organic fertilizers is done on the basis of established technology and standards. The specialist violates this technology, because he does not struggle to provide the means and forces to implement it. Workers do not execute this technology, because they consider fertilizer as leftovers, as dirt from stables and complexes; however, this also happens because the person who weighs fertilizers does not monitor its quality. For these violations, nobody is responsible, nobody indemnifies, as the law says. On the contrary: according to observations, it appears that about 30 to 40 percent of the value of fertilizers is lost, because of the failure to execute technology. However, this is only a part of the loss. The other part is the expenditure for the transport of thousands of tons of fertilizers which "technology" has turned into mud. Failure to execute technology in fertilizers creates conditions for the development of parasites which damage production up to 10 percent of yields.

As long as technology is not respected, theorizing will continue. Some specialists say that the analyses of materials must be made when the material is hot. Some others insist that it is the opposite. Those fruitless discussions are fed by laziness and supported by lack of responsibility. While dealing with these discussions, fertilizers suffer. Fertilizers also suffer from the flame of the fire which some specialists light according to their backward prejudices. Every leaf, every straw remnant and every scrap of wood from pruning, instead of being collected and put in bins, as is done at the Sauku sector (Gjergj Dimitrov, agricultural enterprise), are simply set on fire.

as happened at the Peshkopi fruit nursery. This is more visible especially when the wheat straw is set on fire in some districts of the country such as in Lushnje, Fier and elsewhere. The fire burns the organic substances which the plant has collected from the soil, the breaking up from within and from the photosynthesis in relationship with the sun and air. Therefore, the energy collected, containing nitrogen, carbon, oxygen and hydrogen, instead of being returned to the soil, in return for the yields receives, is lost in the atmosphere, and only ashes remain in the soil containing only 5 percent of the organic substances accumulated by the plant.

Economic thought must eliminate shallow, impulsive and amateurish activities. More studies must be made by specialized institutions and agricultural units. Organic fertilizers must be protected and administered with the same rules and laws as required for the protection and administration of socialist property, as it is done with chemical fertilizers.

Propaganda also has an important role in regard to the increase of organic fertilizers and feeding and keeping the soil always fertile through televised news and daily press articles which should not deal only with "taking pictures" of externals and of activities which often are carried out for publicity purposes. The main point is to involve the people in the analysis of the problem, encourage and disseminate progressive initiatives and praise the wonderful traditions of our people and be influential in their revitalization. Everyone must understand what was stressed at the Seventh Plenum of the Party Central Committee—that agriculture cannot progress without organic fertilizers. It would be well for the various teams which go for aid or monitoring to find out the reasons why agricultural production has increased or decreased, to start with the question of what the party organizations did in regard to organic fertilizers.

## GERMAN DEMOCRATIC REPUBLIC

### Pricing Policy in GDR: Social vs Economic Rationalization

26000663a Warsaw GAZETA BANKOWA in Polish  
No 21, 22-28 May 89 p 5

[Article by Joachim Konieczny: "Cheapness Must Cost Dearly"]

[Text] It is usually foreigners who ask about prices in the shops of the German Democratic Republic; as it is, the locals have memorized them well, because prices for an assortment of staples have been at the same level for more than a quarter of a century now. The statistical yearbook even states that the price index for goods and services in 1988 is 0.5 percent lower than in 1970. This means that the purchasing power of the GDR mark grew by 0.5 percent over this period of time. This may be considered an economic and social curiosity. On the other hand, the citizens of the GDR increasingly often

wonder—and this is reflected in economic publications—whether social considerations or the imperatives of economic rationality should prevail in the policy of prices.

Maintaining the prices for food staples and manufactured goods, rents, and transportation rates at a stable low level for decades while the costs of production grew has become increasingly costly. Budgetary expenditures for subsidizing prices increased by a factor of 3 between 1980 and 1988, to 49.5 billion marks, claiming last year 20 percent of the national income generated. In the budget for this year, 51 billion marks have been allocated for this purpose. The fact that for a family of four the subsidies have exceeded 1,000 marks a month and are drawing close to the average wage shows the scale of this phenomenon most graphically.

From among overall deliveries of goods which reached the market last year, subsidized, and therefore cheap, and at times very cheap, daily necessities account for three-quarters. Foodstuffs, including meat and dairy products and fish, primarily belong among them. Bread has cost 1 mark for 40 years and a roll 5 pfennigs, while the costs of production are twice as high. The subsidization of foodstuffs amounts to the largest and fastest growing item in the subsidies. In the current decade, the sums allocated for food subsidization have already increased by a factor of 4, to 32 billion marks, which amounts to over one-half of retail sales of such goods.

This is also the case with many manufactured goods. In this sphere, the market of clothing and footwear for children enjoys special protection, but toys, school items, and assorted gadgets are protected too. Since 1980, subsidies for the prices of manufactured goods have increased by a factor of 2.5, and now amount to one-fifth of the value of retail sales in this group.

Transportation fares are subsidized; payments for gas and electricity are well below cost. Subsidies for housing construction and for rents, which are very low and claim on the average 3 percent of incomes, are added to this. Overall, subsidies associated with maintaining the standard of living of the populace will amount to 65 billion marks this year, or about one-quarter of budgetary expenditures envisaged for this year.

The fact that for foreigners visiting the GDR some goods and services are inordinately cheap is one of the consequences of the current structure of prices. This is part of the reason why the authorities tighten export regulations every so often in order to prevent exports. The authorities of the GDR are not in a position to apply such greater stringency to the American, British, and French soldiers stationed in West Berlin. They have a right to move freely over "all of Berlin," and they are not subject to inspection. These soldiers arrive in the capital of the GDR for shopping in entire convoys of buses, most often on Saturdays, having previously exchanged FRG marks into GDR marks at a West Berlin bank at a rate of 1 to 10.



The snowballing avalanche of subsidies ensuring the stabilization of prices for basic goods and services has to be accompanied by price increases in other sectors of the market. The costs of social price subsidization are compensated by surcharges on the prices of higher-standard and luxury goods. After all, money for subsidies has got to be obtained somewhere. This is based on offering alternative luxury and modern merchandise at substantially higher prices along with the basic assortment.

The differentiation in prices for foodstuffs, as well as clothing and footwear, has assumed organized forms through the chain of "Delikat" and "Exquisit" shops created as far as back as the 1970's. A peculiar second level of prices was created at the moment this network was set up; initially, it operated only in large metropolitan areas, but by now it is present in almost all cities. Not only the attractive decor and assortment of goods, many of which are imported, but also individualized and professional service distinguish them from the general retail network. Of course, this is reflected in prices which are usually 2 or 3 times higher than in other retail outlets. Despite this, such stores enjoy great and continuously increasing popularity; at present, they account for about 8 percent of retail trade sales.

Elements of the active policy of prices are evident also with regard to many goods associated with spending one's spare time. This is particularly the case with athletic, photographic, radio and TV equipment. A color TV costs at least 6,000 to 7,000 marks, or five monthly salaries. Within this group, a higher standard and modern design of a product are accompanied by very rapid price growth.

The pricing arrangements applied in the GDR are one of the main economic instruments which serve to implement the social policy of the state. The expansion of the subsidy system has become the practical consequence of the principle of "unity of economic and social policy" implemented since 1971, or the time Erich Honecker assumed the post of secretary general of the SED. As the leadership of the GDR sees it, this has made it possible for the entire society to ensure social security and protect the standard of living already attained while guaranteeing to the poorest social strata a subsistence minimum.

Along with the aforementioned advantages, the policy of prices based on subsidies also has many drawbacks. Opinions calling into doubt the economic rationality of a subsidization system so extensive are also voiced in the GDR, certainly under the influence of changes under way in other socialist states. Primarily, the fact that distorted prices make economic accounting fuzzy and warp their economic functions is being brought up. Maintaining low prices for basic items, rents, and services promotes waste. This is particularly the case with food and energy (bread has become cheap fodder in individual animal husbandry). Besides, as the critics see it, the system of subsidies impedes the growth of wages in the economy, thus hampering the introduction of

incentive-based systems of remuneration with a preference for labor productivity. It is difficult to present such opinions in full because one can only learn about them indirectly, from published items taking issue with the critics.

The senior GDR economist, Juergen Kuczynski, has recently raised the issue of subsidies twice in NEUES DEUTSCHLAND, taking issue with opinions critical of the current policy of prices. He admits that the criticism of the system of subsidies and the proposals to change it are correct from the economic point of view. Professor Kuczynski has but one reservation to make with regard to this line of reasoning, namely, that practice is much more complex than theory. "The poorest strata of the populace have become poorer in all socialist countries in which the practice of stable prices has been abandoned, despite this being combined with increases in wages and retirement benefits. The theory outlined above has not been confirmed anywhere." J. Kuczynski concludes that it is better to live with nonsensical prices which, however, guarantee to everyone a safe subsistence minimum than risk a price reform.

Rector of the Academy of Social Sciences of the SED Central Committee Professor Otto Reinhold has made a similar statement. He has estimated that the elimination of subsidies would result in the growth of prices for individual goods by 20 to 400 percent, which "would bring about the kind of redistribution of national income which has nothing to do with social justice" even if compensation is used. In addition, Professor Reinhold fears that an inflationary spiral would be triggered.

Representatives of the party and state leadership of the GDR have stressed many times in recent months that the policy of stable prices for consumer staples, rents, and some services and benefits is immutable and belongs among the fundamental principles of the state. Social security will still be treated as a fundamental accomplishment of the state and at the same time as one of the definitive features of "socialism under the color of the GDR." However, as Erich Honecker himself admitted, financing this policy is possible on the condition of securing at least a 4-percent growth rate of national income, which is not always achieved.

## HUNGARY

### Local Miners' Organization Petitions Union To Supervise Elections

25000425b Budapest NEPSZAVA in Hungarian  
29 Aug 89 p 7

[Text] In preparing for local trade union elections, the Balinkabanya organization has experienced some "peculiar interpretations" of trade union democracy. Therefore the Solidarity Trade Union Workers Association requests the Veszprem Coal Mining Enterprise Trade Union Committee and the Mine Workers Trade Union:



- To accept the task of supervising the purity of elections;
- To prevent former trade union leaders manifesting antidemocratic conduct from intervening in the initial stages of the election process from the top down;
- That instead of the present trade union leadership, the conduct of the elections be supervised under the control and with the cooperation of a committee to prepare and implement the elections;
- That the old trade union leadership running for reelection be prevented from further influencing the elections and that it confine itself to the administration of pending matters;
- That the original nominating committee elected under democratic conditions, and members of the committee preparing and implementing the election, shall have exclusive authority to deal with substantive issues related to the elections, with due responsibility toward the membership; and
- That the composition of the committee to prepare and implement the elections shall be as follows: one member from the Mine Workers Trade Union, one member from the enterprise trade union committee, and 3 members from among the Balinkabanya workers, on the basis of mediation.

#### **Nograd Coal Mining Enterprise To Be Liquidated**

25000426d Budapest NEPSZABADSAG in Hungarian  
2 Sep 89 p 4

[Text] The Nograd Coal Mining Enterprise, which began to experience economic difficulties several years ago, will be unable to fulfill the conditions of its bankruptcy reorganization agreement signed last December. The 1 billion forints worth of enterprise assets are now burdened by a debt of 2.2 billion forints; the enterprise no longer receives loans and is unable to fulfill its payment obligations.

The State Developmental Institute and the Budapest Bank, Inc., the enterprise's two most significant creditors, saw no guarantee for the repayment of loans, therefore, in agreement with the Finance Ministry, the organization in charge of bankruptcy reorganization initiated liquidation proceedings. The Budapest Court has not spoken the final word on this issue. A decision is expected in October. Nevertheless, the program for liquidation proceedings has been worked out already. According to this program, early next year the inefficient Kanyas deep mining shaft will be shut down. This means that the Nograd Coal Mines will no longer provide coal for consumer use.

Enterprise plans call for transforming plants not closely related to mining into self-sufficient, viable ventures. Miners will not be dismissed in the course of liquidation, because in recent years a rather forceful migration away from the plant has taken place, and reorganization

efforts thus far have resulted in significant reductions in force. In addition there are also a number of miners retiring. In other words, natural attrition provides the greatest help in accomplishing streamlined personnel management.

#### **Record Aluminum Exports, Increased Wages Reported**

25000426c Budapest NEPSZABADSAG in Hungarian  
2 Sep 89 p 4

[Text] This year the Hungarian aluminum industry will effect substantially greater exports to capitalist countries than planned. The Hungarian Aluminum Industry Trust's [MAT] exports are expected to exceed \$310 million by the end of the year. This constitutes a record level. Sixty percent of the exported products are destined for the United States, Japan, the FRG, Austria, and Sweden.

World market prices continue to be favorable, and there is significant demand for the products manufactured by the enterprise. The increase in capitalist exports is paralleled by relatively modest imports subject to settlement in currencies other than rubles. It is thus expected that by the end of the year the aluminum industry's trade balance will show a \$260 million surplus.

Paralleling the growth of exports, the enterprise's income producing capacity is favorable. Increased productivity is also reflected in wages paid out by the enterprise. On the annual average, MAT will have increased its wages paid by about 15 percentage points.

#### **Ikarus, Soviets Accept Mixed Settlement on Buses**

25000426b Budapest NEPSZAVA in Hungarian  
31 Aug 89 p 11

[Text] Ikarus has been able to negotiate a mixed settlement agreement with its Soviet partners. The deal is mutually beneficial.

Under the agreement 310 long distance buses were sold to ASTO, a Soviet-British jointly owned commercial enterprise. The mixed nationality enterprise will pay 50 percent of the purchase price in dollars, and 50 percent in rubles.

Negotiations are in progress concerning a barter transaction by which another 400 buses could be sold on the Soviet market. Four hundred buses will be delivered this year to Czechoslovakia.

### **POLAND**

#### **Privatization Goals, Procedures Advocated**

26000661 Warsaw GAZETA BANKOWA in Polish  
No 26, 26 Jun-2 Jul 89 pp 1, 7

[Article by Stefan Kawalec: "Privatization of the Polish Economy"; the article has been excerpted by the editorial office of GAZETA BANKOWA from a report made

at the scientific conference at the Main School of Planning and Statistics on 17 and 18 December 1988; excerpts from this report have also been published in issue 5 of the weekly ZMIANY]

[Text] The intent of the program is to achieve the three following objectives:

- transforming the Polish economy into an open market economy with a convertible currency dominated by privately owned enterprises. In this instance, we term private enterprises both the companies which are owned by a single person and joint-stock companies of any format in which a decisive majority of stock (shares) is held by natural persons and other private companies;
- creating an extensive stratum of individual owners of capital which will form the social base of the new economic system and will ensure its political stability;
- ensuring that the social costs of transformation in the economy are as low as possible.

The concept proposed assumes simultaneous:

- elimination of barriers which restrict the operation of the market and restrictions on the operation of private companies, thus creating conditions for privatization from below through the development of existing and setting up of new private companies;
- beginning of gradual privatization from the top by selling the shares of yet more enterprises in such a manner as to create the largest possible group of individual shareholders and generate considerable budget revenues.

In this text, I will primarily concentrate on the proposal for privatization from above.

### The Main Elements of the Program

I believe that legal, institutional, and tax arrangements need to be introduced which would ensure conditions for free economic activities and would make possible the operation of the market while at the same time providing for the sale of shares of a certain number of state companies, with the schedule for privatizing subsequent enterprises being announced in the process.

An abrupt elimination of various nonmarket barriers which prevent enterprises from raising prices and the introduction of zloty convertibility may generate a very powerful inflationary impulse. It is exactly the sale of enterprise shares that can counteract this impulse.

Profitable companies for which buyers will be available should be privatized. The size of the first group of privatized enterprises should be large enough to throw up an essential anti-inflationary barrier and to make possible starting up an exchange and "cranking up" a capital market following the sale of these enterprises.

In my opinion, the following principles need to be applied in the course of enterprise privatization:

- share prices should be set in such a manner as to make the purchase of shares a very profitable investment for the buyers while, on the other hand, so as not to reduce the proceeds from the sale of an enterprise excessively compared to its future market value;
- the shares should be distributed in such a manner that as many citizens as possible purchase them;
- employees of a privatized enterprise should be guaranteed the right to purchase a certain number of shares at reduced prices.

In practice, the privatization of a specific enterprise could proceed as follows:

Shares are issued in segments with a face value of, say, 1,000 zlotys in such an amount that the sum of nominal value would be equal to the book value of the assets of the enterprise. A certain part of the shares, say, 20 percent, is sold initially at an auction in which private individuals, domestic private companies, and foreign investors can participate in order to secure a basis for setting the price at which the bulk of the shares will be sold. All participants in the auction make an offer in which they specify how many shares (from among the stock offered for sale) they wish to buy and the price they offer, and deposit in one of the banks specified surety bonds in the amount of, say, 5 percent of the contract offered. After the bids are unsealed, the c1 price is set at which all shares allocated for the auction will be sold. The highest possible price at which all offers to buy shares at this and higher prices amount in total to at least the amount of shares allocated for the auction is accepted to be c1. All participants in the auction who have offered prices higher than c1 will receive at the c1 price exactly the number of shares their offers specify. In turn, the number of shares allocated to the participants in the auction who have offered the exact c1 price may eventually be reduced in a proportion corresponding to the offers they have made so that in total the number of shares distributed at c1 would be equal to the number allocated for the auction.

A study of offers made at the auction will make it possible to determine more or less where the future equilibrium price for the shares of the enterprise in the exchange will be. This will make it easier to set the c2 price, at which the bulk of enterprise shares, say, 70 percent will be sold. This price should be set at such a point that the virtual certainty exists that, following the sale of all shares and the start-up of secondary trade in them in the exchange, their price will be higher than the c2 price. In other words, purchasing the shares will be a profitable endeavor.

After the c2 price is set, any citizen will be able to submit an order for the number of enterprise shares which he desires. If the c2 price has been established properly (that is, in keeping with the intentions mentioned above) the

orders will likely considerably exceed the number of shares allocated for sales at this price. In this event, the maximum number of shares to be sold to one person from this stock will be established following an analysis of the orders made. All orders for the number of shares not exceeding this maximum will be filled in full, whereas orders for a greater number of shares will be automatically cut down to the maximum.

If it turns out that a mistake has been made in setting the c2 price, and the total of orders for shares is smaller than the number of shares allocated for sale at this price all orders should be filled in full, and the remaining shares of this stock should be canceled, thus reducing the nominal joint stock of the enterprise.

The final segment of shares, say, 10 percent should be distributed among the workforce, allocating to every employee a certain number of shares free and making possible for him to purchase an adequate number of shares at a reduced c3 price, amounting to, say, 50 percent of the c2 price. The percentage of shares distributed among the workforce will not be the same for all enterprises. After the sale of the shares of a given company is completed, free dealing in them at the exchange should be started up. There should not be a restriction on the number of shares which a Polish citizen can buy.

The proper setting of the c2 price at which the bulk of the shares will be sold and which at the same time will be the basis for the setting of the reduced c3 price for employees, is the issue vital for the success of the operation. First of all, efforts should be made to avoid the mistake of setting the c2 price too high. After all, if the shares of a considerable segment of enterprises privatized at the initial stage will be priced too high, that is, if too few buyers are found, or, even worse, those purchasing them suffer a loss (when the price of stock in the exchange turns out to be lower than the initial price of purchasing it from the state) the entire program of privatization may collapse due to the lack of persons interested in purchasing the shares of subsequent enterprises.

Setting the price of the share too low means the loss of a share of potential budget revenues and great financial advantages for those who have used their right to purchase shares, especially the advantages for the employees of privatized enterprises. This, however, does not pose a major threat to continuing the program of privatization. At the further stages of privatization, observing the already operating capital market may allow us to reduce mistakes in evaluating shares. The eventual loss of potential proceeds due to the erroneous valuation of the first batch of enterprises to be sold will not be all that important compared to the overall revenue from privatization.

As soon as possible (for example, after the sale of the first group of enterprises and the start of dealing in their shares in the exchange), it would be desirable to establish

for the future unified guidelines for setting the conditions for privileged purchases of shares by the employees and management of enterprises, so that it will make sense for these two groups to work hard with a view to their company having the highest possible market value at the moment of privatization.

#### **Benefits of Privatization From Above**

I believe that properly conducted privatization from the top may offer the following benefits:

- increased efficiency of economic operations in enterprises transferred to private ownership, as well as in those which are expecting to be privatized;
- increased competition in the economy;
- considerable additional revenue of the budget, making it possible to counteract inflation and finance public expenditures;
- development of a quite extensive stratum of individual shareholders, which will provide political guarantees of continuity of the introduced market rules and freedoms of economic operations.

I will now discuss these potential benefits one by one in an attempt to justify why they can be expected and noting their significance

An increase in the efficiency of privatized enterprises may be expected as a result of total and exclusive dependence of the management of companies on shareholders

The average individual holder of enterprise shares is guided solely by financial considerations, and he basically does not care what the company produces, where it has its enterprises, where it procures supplies, to whom it sells its products, and so on as long as the shares yield adequate profit. The fact that the shares constantly and freely change hands in the exchange is of essential significance for the mechanism of controlling managers in private joint-stock companies. The lower the profits of the company are, the lower the price for its stock and the higher the likelihood that someone on the outside will decide that he can get a good deal by taking over the control of company assets for a small investment. If the management of a joint stock company wants to maintain its position it must take care to keep the share price at an adequate level through adequate profits of the company.

Efficiency may increase not only at the enterprises which have already become privately owned but also in those which will be scheduled for privatization. After all, if the privatization of an enterprise is a foregone conclusion, and the employees and management of the company will have the right to acquire a certain number of shares on privileged terms guaranteed in advance, they will be interested in improving the performance of the company in order for the shares to fetch the highest possible market price at the time of privatization. The higher the

market price of a share is going to be after privatization the higher the monetary value of privileges given to them will be.

Making a decision on the future privatization of a given enterprise may also influence the attitude of the state agencies supervising the enterprise. It may become very essential what market value it will represent at the moment of privatization, or, in other words, how much it will be sold for.

The next of the potential benefits mentioned above, namely, budgetary revenues from the sale of privatized enterprises, is extremely important. Purchasing shares at prices lower than the expected exchange notations will be highly profitable for the citizens. Therefore, privatization from above carried out in the way proposed here should cause an increase in the voluntary savings by the populace and the allocation of funds saved for purchasing shares from the state. In the process, it is essential that, unlike, say, bonds with a permanent rate of interest, shares are a form of investing capital which is naturally inflation-resistant. Therefore, fears of inflation should not profoundly reduce the propensity to purchase shares; quite the opposite, it may reinforce the striving of the populace to quickly exchange zloty funds into shares.

Therefore, the privatization of an adequately selected group of enterprises may prevent the occurrence of spontaneous inflation at a time when nonmarket barriers preventing enterprises from raising prices are removed and convertibility of the zloty is introduced. Subsequently, proceeds from the sale of state enterprises may make it possible to avoid the budget deficit which pushes up inflation, giving in the course of this an opportunity to finance various measures mitigating the consequences of rapid economic transformations (severance pay for persons being laid off, unemployment benefits, programs of professional retraining, aid to the poor, and so on).

It appears that in a favorable political environment privatization from the top could, due to its very powerful deflationary impact, enable us to resolve the "squaring of the circle" of the Polish economic policy, or the problem of how to bring about market equilibrium without causing a drastic decline in real wages. In the most optimistic variant, a radical market reform leading to an economic equilibrium would be financed by the voluntary contributions of share purchasers wanting to get rich rather than accomplished at the expense of forced sacrifices by the entire society (and particularly the economically weakest groups).

Given the principles of pricing and selling the shares proposed here, privatization from the top provides an opportunity for every citizen to purchase a certain number of shares under the conditions in which it will be a virtual certainty that the purchase will be very profitable. It should prompt many people to buy shares who would never do it in a different situation because investing in shares at the stock exchange usually entails considerable risks.

### The Pace of Implementing the Program

We should strive to secure the creation of a normal market with equilibrium prices and zloty convertibility very quickly, within several or possibly a dozen or so months by using the anti-inflation screen created by the sale of shares of profitable state enterprises on very favorable terms. This would immediately change the situation of all economic entities and would set in motion the desirable adjustment processes. The sale of yet other state enterprises would continue facilitating the economic and political stabilization of the new economic system.

The preliminary assumption that the rate of privatization from the top should be such that within 15 to 25 years at least two-thirds of the assets of currently existing state enterprises would become privately owned appears sensible to me.

Given a favorable course of events, increases of such a magnitude should occur during this time in the national income, profits of enterprises, incomes of citizens, and regular budget revenues that it will be possible to manage without additional funds generated by the sales of state assets.

This stretching out of privatization in terms of time should give an opportunity to secure direct benefits from purchasing shares to a very large number of citizens. Even the people who do not have any savings or assets at present will be in a position to accumulate considerable capital over several years by taking advantage of the opportunity to buy shares at very favorable prices, purchasing regularly a small number of shares of the privatized enterprises, if only they recognize that investing in shares is profitable.

We may get a more precise idea of the possible and desirable pace of privatization from above some time after the sale of the first batch of enterprises and the setting up of the stock exchange. At any rate, the preliminary scheduling of privatization for at least a dozen or so years makes it possible for our society to fully control the course of this operation and adjust its pace depending on the evaluation of results, without ruling out an opportunity to simultaneously test other forms of ownership transformation.

In the course of this, it is worthwhile to consider introducing an arrangement which would make possible increasing the pace of the assumption of control of enterprises by private owners. Namely, in some cases at the time of privatization only, say, one-half of the shares of the company could be sold. The remaining shares could remain for many more years the property of the state treasury, provided, however, that for the duration of this period they will be statutorily deprived of the right to vote while retaining regular dividend rights. Once such shares are sold to private owners, they would regain the right to vote and would become regular shares. Due to such an arrangement, the pace of private owners



assuming control of enterprises could be much higher than the rate of sales of state assets.

## YUGOSLAVIA

### Bankruptcy Foreseen for Croatian Power Industry

28000162 Zagreb DANAS in Serbo-Croatian  
25 Jul 89 pp 21-22

[Article by Ratko Boskovic: "Whether Darkness Looms"]

[Text] "In accordance with the logic of sound economics, the Croatian electric power industry should declare its bankruptcy this very moment." All those thousands of people who are crammed in long lines every day in front of the cashiers' windows at their local power offices will certainly be taken by surprise by these words of Dr Goran Granic, the director for development of Croatia's Community of Electric Power Industry Organizations [ZEOH]. How is that possible? Hasn't electricity become more than 1000 percent more expensive in the last year or so? Haven't electric bills already begun to catch up with the amounts of average pensions and the lower monthly wages...?

The figures are inexorable, however. Under ideal circumstances, the price of one kilowatt-hour from the new electric power station in Croatia, just for the mere maintenance of the electric power system, could not be less than 4.5 American cents, as calculated by Dr Granic, who announced his findings to his colleagues at a meeting of the Energy Council of the Croatian Economic Chamber. On the average, however, the Croatian electric power industry gets about 2.8 American cents per kilowatt-hour in the market. The increase in the expenses of building and equipping new plants for the production of electricity, moreover, was at the very peak of inflation, i.e., far above the average price increases for goods in Croatia. That is quite logical, since these are large, long-term investments, financed by credits from equipment suppliers and by commercial foreign credits.

That is how it happened that during the first 5 months of this year alone, ZEOH lost about \$2.5 million for the development of electric power installations. In real terms, ZEOH's earnings have been cut exactly in half in a couple of years, and from 1986, when it seemed at one point that Croatia had surpluses of money (but did not have the money to spend on anything), to 1989, when the republic's electric power industry is ripe for bankruptcy, the electric circuit of absurdities has been short-circuited.

At the same time, as much as 611 megawatts of the Croatian power industry's capacity will be entering the final third of its productive life during the next decade. The Zagreb I and II thermoelectric power plants, the Zagreb electric power plant, and the Plomin I and Sisak I thermoelectric power plants will soon have been in operation for 25 years, and the 20-year contract for the

delivery of electricity for Croatia from the Tuzla IV thermoelectric power plant will expire in 1994. ZEOH intends to rebuild and revitalize all those electric power plants, while Tuzla IV will be replaced by the somewhat weaker Tuzla VI. During the next 5 years, two hydroelectric power plants, the Dale and Dubrava ones, will also be completed, in addition to a coal-operated power plant, Plomin II.

Until 2 years ago, all of those electric power plants were by no means alleviating the prospect of serious power shortages in Croatia. It happened, however, that the increase in the consumption of electricity in Croatia fell in 1987 from more than 4 percent annually to an average of only 2.1 percent, and last year to only about 1 percent! That fact at once considerably altered the energy picture, and allowed planners to include in their estimates of the requirements for the construction of new installations minimal scientifically acceptable growth rates in consumption of somewhat over 3 percent annually. It was immediately demonstrated that in 2000 Croatia would need as much as 4 billion kilowatt-hours less electricity than had been thought only a year earlier, and that about 900 megawatts less capacity would have to be put into operation by then.

Nevertheless, although the emphasis of Croatia's electric power problems has shifted to a considerable extent from the shortage of power sources to the shortage of money, in attempts to compensate for even the slowed growth of power consumption by high-quality production, a rather large hole has remained open. Unless Croatia increases the consumption of crude oil in the thermoelectric power plants, that shortage will appear as early as a year from now, in spite of all the rebuilt and newly built power plants. In the beginning the shortage of capacity will not be large: only about 40 megawatts. The gap between the consumption and the production of electricity, however, will grow very rapidly, and according to the scenario of "the current level of the consumption of liquid fuel," it will reach almost 500 megawatts by 1995. ZEOH, however, estimates that in case of necessity it will be possible to obtain more crude oil, and that if there is trouble there will be money for more intensive utilization of the existing thermoelectric power plants, so that the shortage of capacity in 1995 will really grow to somewhat less than 400 MW.

Last winter has already shown that this last variant should not be given serious consideration. During the unprecedented drought during the first few months of this year, the Croatian electric power industry produced more than 100 million KWh less electricity than planned, while at the end of winter, consumption was even 7 percent higher than during the same periods of last year.

Croatia has plans prepared to alleviate most of the obvious lack of capacity and sources of electricity, amounting to at least 350 MW in 5-6 years (appearing even at the lowest acceptable rates for the growth of



consumption), by building a series of 9 small hydroelectric power plants, which would fully exploit the republic's currently economical hydroelectric potential. The capacity of those electric power plants would be about 320 MW, and the news of the beginning of their construction (the Caprazlije reservoir, the Krcic hydroelectric power plant, Prancevici, Lesce...) was published in the newspapers on Saturday, 8 July. Nevertheless, those 5 thermoelectric power plants that will be ending their productive life at that time will have to join the energy system's reserves, while the reliance upon hydroelectric power plants and the importation of liquid fuels will considerably increase the probability of breakdowns and the risk of the forced shutdown of electric power plants. As long as that risk is kept within about a shortage of about 50 MW during any given year, that is not a major problem for an electric power industry that is well connected to the other Yugoslav republics and to the European system, in which surpluses are exchanged. "We have become used to living with such shortages," stated Dr Goran Grancic. Estimates of the risk in the Croatian electric power system, however, indicate that in 5-6 years it will have to have available as much as 30 percent or so of the installed reserve capacity (so that consumers can count on reliable deliveries of sufficiently high-grade energy). That means that in addition to what prepared plans already exist for, Croatia will have to build, somewhere and somehow, one more source of electricity amounting to at least 300 MW, at a cost of \$250 million.

#### Blackmail

We know how much time is needed for building an electric power plant and putting it into operation. If it has begun operation in 5-6 years in order to "cover" the growth of consumption for the next 2-3 years, that means that its construction must begin virtually immediately. Either all the plans for it have to be ready, or a standard electric power plant must start to be built in an already reserved and approved location. There is no third option. Even with the best intentions of critics and members of the Green movements, this problem cannot be solved either by mines in Croatia that are still underground, or by Adriatic gas for which there is still no gas pipeline, or by some science-fictional sudden increase in the efficiency of the utilization of electricity in industry, a drastic reduction in losses in the transmission network, or alternative energy sources. All of that comes into consideration for discussions of energy for Croatia until the year 2000, but the republic needs a real, large, and strong electric power plant by 1996 at the latest.

Croatia no longer has its own energy sources or the energy raw materials for such a powerful producer of electricity. ZEOH has therefore examined the possibility of the republic's participation in construction of the Kolubara thermoelectric power plant, with 200 MW for its own needs, or of building its own unit, with a 300 MW capacity, at the Kosovo B location. Also under consideration is a Zagreb municipal thermoelectric

power plant, driven by a combination of gas and coal, but it is being stressed in advance that the city does not have the money for anything like that. Finally, unless a final agreement is reached by the end of this year on building one of these three electric power plants, ZEOH will propose to the appropriate Croatian authorities that they decide to build a 300 MW thermoelectric power plant using imported coal at one of the existing locations on the Adriatic coast, i.e., either in Plomin again or in Rijeka.

The talks between ZEOH and Belgrade's Associated Electric Power Industry [ZEP] on Croatia's possible participation in the construction of Kolubara began a year and a half ago. ZEP made an offer to ZEOH to finance the construction of the electric power plant for 4 or 10 years, for which, in return, it would have the right to guaranteed deliveries of electricity. Toward the end of last year, or more precisely on 23 December 1988, the Croatian electric power industry offered Serbia an arrangement of joint investment in the electric power plant, with an equal division of profit and risk, with full compensation for the energy resource—coal—and a calculated guaranteed profit from the joint enterprise (from which the local sociopolitical community would also have a secure income). The response to this proposal came in February 1989, again in the form of an offer from ZEP to ZEOH to finance the construction of Kolubara. The representatives of ZEP and ZEOH met again in April, almost in passing, and their conversation lasted exactly 5 minutes: "Do you have \$60 million right away?" "We don't," the people from ZEOH said. The negotiations were thus concluded and are now "in suspension."

The Belgrade ZEP is troubled by the same problem as the Croatian electric power industry, as we have learned from an interview by the weekly DUGA with Sinisa Ciric, ZEP's assistant general director and the chairman of the Executive Committee of the Yugoslav Association of Electrical Energy Producers [JUGEL]. Just as in Croatia, electricity is sold for an average of 40 percent of its economic price (more precisely, for 40 percent of the price established in accordance with the criteria from the so-called Common Elements), and so ZEP's earnings during the last 3 years have also been reduced by about \$400 million.

Otherwise, Sinisa Ciric spoke very favorably about ZEP's credit relations with Croatia, which were established back in 1974. Croatia, however, no longer wants a credit relationship. ZEOH does not want to be a bank, but rather an electric power industry with all the attributes thereof, and thus a production enterprise that plans, builds, and maintains its own installations, economizing at them without limitations in space and time, and bearing responsibility for its own work. ZEOH also does not want to be a bank because it does not have its own investment capital. On the other hand, ZEP is seeking a credit, while at the same time offering half the real interest that it would have to pay for commercial

bank credits. Otherwise, it would not seek money from ZEOH, but would immediately borrow it on the international capital market...

In short, "with a credit, we would lose more in the beginning, and we would also have to consent to a subtenant's, or as someone in Croatia called it, a "rent-a-car" energy relationship in which we would not feel fully secure," stated Dr Goran Granic. "A credit is a thing of the past. It would be absurd for us to recognize credit as something that should be abandoned in our overall economic relations (and so we are inviting foreigners to make joint investments in our country instead of financing us), and at the same time, in the energy area, to want to return to the old system, which has already shown itself to be inappropriate for development, especially in energy, since energy has special dimensions in the planning, construction, and use of its installations. This is not a question of 5 or 10 years, after which the investment capital can be pulled out and reinvested in some more profitable industry. We have to satisfy today's consumption and all the new, increased consumption of electricity, from today until the end of time," Granic stressed.

The question of interrepublic relations, as virtually intergovernmental relations, translated into the question of co-ownership or credit, although it is the most painful for the country's electric power industry at this time, is something that considerably exceeds energy producers' ability to answer in practice. The strengthening of the republics' statehood and the closing of energy areas to new development (Granic drew a strict distinction between outmoded economic relations and new investments in development) were perceived by energy producers well before they were publicly manifested in other economic sectors. The inability of two federal units to agree on the joint economic use of energy resources in one of them occurred as early as 5-6 years ago, and was treated for a long time by political structures as "dissension" between the electric power industry organizations.

In the era of a contractual economy, it would be unseemly to talk about the interests, benefit, and the right of local communities to profit from their natural or geographic advantages and resources. When the drafting of Yugoslavia's energy development program began 3 years ago, under the auspices of Branko Mikulic's Federal Executive Council [FEC], the worst thing possible was done: the expert part was worked out to some extent, but the problem of the economic prerequisites for carrying it out was completely neglected, and swept under the rug as if it would thereby disappear. That was probably done because the model of joint and economical investments based on market principles could not be defined solely for electric power stations. Some question always hung in the air like that famous one: "Would you let us build a hotel on Stradun?" No one had the courage to answer, "Yes, if you can get a bigger profit for Stradun out of that hotel—then go ahead!"

### Our Coal and Yours

Dr Granic, who is supposed to propose to Croatia this year how and where it is to build its power plants, does not appear even today to be a person who treats his job with nonchalance; he admits honestly and openly that he does not know what to do. He can respond to his obligations in planning the development of the electric power industry only in general terms. One should first define by law what the energy area of Yugoslavia is. For instance, is the owner of coal obliged to make it available through bidding to every electric power industry organization in the country, even those from other republics and provinces? Next, if the answer to the first question is "Yes," one should define the means and conditions under which such a joint undertaking can and must take place. Only then could ZEOH, for example, create some energy policy of its own, and only then could it examine and compare alternatives, so as to create some basis for commercial negotiations, which are the only ones that can finally lead to real values for resources and real prices for electricity.

But who will pay that price? As long as consumers in Yugoslavia cannot pay the economic price of electricity, ZEOH will not be able to pay ZEP, and then ZEP will rather leave its coal in peace underground than—when it no longer has anyone to compensate it for the damage—increase the already catastrophic acidification of its fields, turn its soil into the surface of the moon, and attempt to divine whether the FEC will freeze electricity prices or not. If ZEOH, like any clever negotiator, first puts itself into the position of its opponent, it will immediately see that joint investment with a division of risks and income in Yugoslavia, among its republics, provinces, opstinas, and so forth, still remains a very distant illusion. If we are now talking about solving the essential problems of producing electricity, i.e., those until 1995 or 1996, and not extremely futuristic visions of the end of this century and the beginning of the next one, then all of Croatia's theoretical problems are almost certainly solved in practice: it will probably not be able to build joint energy installations in other republics, because it is not clear what interest could induce them to do something like that, and there is no longer an political *deus ex machina* that could force them to do it.

The fact that this is not yet clear in Croatia is confirmed by the off-chance, unnoticed, and certainly unrecorded statements of one of the participants in the meeting of energy producers at the Croatian Economic Chamber, which were approximately as follows: "We will clearly build using our own coal (in Croatia), if that is cheaper for us than in the eastern part of the country..." Interesting. In market-based economic relations, which we in Croatia support, why would the "eastern part of the country" even allow construction that is cheaper "in the western part of the country"?

It is obvious that the only lasting and logical solution to Croatia's energy problems is one that brings its economy to where it can pay the full economic price for electricity,

regardless of where it comes from. ZEOH's data, presented in a report to the Assembly delegates, indicate, however, that the share of Croatia's social product allocated for the construction of new electric power plants has fallen from 1.72 to 1.28 percent between 1981 and 1987. That happened primarily because along with the relative drop in electricity prices, there was also a drop in the value of contributions for development, and also because the state either froze or reduced the rates of contributions from income from the development of the electrical energy system, thinking that by doing so it was "reducing the burden on the economy." The damage was multifold: the Croatian government reduced the pressure on industry and households to increase the efficiency of their utilization of electricity more rapidly, and made the

money that could have been collected gradually, over time, now paid once and for all.

Croatia is probably the only place in the entire world where in the 1980's, the share of service industries in the total social product was reduced from an already miserly 43 to 41 percent, while the share of industry—and the basic branches of industry, to boot—was increased from 29 to 34 percent. Why not, when electricity costs 2 cents? And while it cannot unburden itself of its bureaucrats, who annually cost more than total health care, and more than science and education together, the government is "unburdening" the economy of electric power plants: they are peaceful and patient beings, and will not come and demonstrate in front of the Assembly.

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